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John M. Stone BB
AML
Lincoln Ave. KXZ6

A TREATISE
ON THE
LAW OF DAMAGES.



MAYNE'S
TREATISE ON DAMAGES.

SIXTH EDITION.

BY

JOHN D. MAYNE,

OF THE INNER TEMPLE, ESQ., BARRISTER-AT-LAW,

AND

LUMLEY SMITH,

OF THE INNER TEMPLE, ESQ., ONE OF HER MAJESTY'S COUNSEL,
JUDGE OF THE WESTMINSTER COUNTY COURT,
LATE FELLOW OF TRINITY HALL, CAMBRIDGE.

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PREFACE TO THE SIXTH EDITION.

THE present Edition has been carefully revised and corrected, and will, it is believed, be found to contain all the English and Irish decisions bearing on the Law of Damages which have been reported since 1894.

JOHN D. MAYNE.

LUMLEY SMITH.

May, 1899.

PREFACE TO THE FIRST EDITION.

It can hardly be necessary to apologise for the appearance of a treatise on Damages. The subject is certainly an important, and not a very easy one. The materials are scattered over all our Reports and many of our statutes. Yet, with the exception of the obsolete work by Serjeant Sayer, no English writer has ever thought of collecting them.

The American treatise, by Professor Sedgwick, has gone far to supply this want. The great merits of his work are too well known to need any commendation from me. Its ability and research will be best appreciated by those who have studied it as minutely as I have done, and I gladly acknowledge the assistance which it has afforded me. It appeared to me, however, that there was still room for an English work upon the same subject. Many topics of importance to the English practitioner are omitted by Mr. Sedgwick, partly through design, partly on account of the differences that have sprung up between the laws of the two countries. He has, also, naturally given a prominence to American cases, which is hardly satisfactory to us, oppressed as we are by the multitude of our own reports, and unwilling to extend our researches into unknown regions. Since the last edition of his treatise, our own Courts too have been remarkably prolific in decisions upon this branch of the law, and have supplied materials which well deserve a fresh attempt at classification. I have tried to collect every English case which bore upon the law of Damages; and have only resorted to American decisions where none of our own were in point.

One of my great difficulties has been to distinguish between the

right to recover, and the amount to be recovered. The line which divides these two branches of law sometimes vanishes entirely. The right to sue at all sometimes depends upon the existence of the very circumstances which determine the measure of damages. For instance, where the wrong complained of affects the public generally, the particular loss sustained by the plaintiff is the fact which at once gives him a right of action, and gauges the compensation he is to obtain. So in actions against executors, the possibility of obtaining any real satisfaction may depend entirely upon the form in which they may be sued, whether in their representative or personal character. In many cases of torts, no measure of damages can be stated at all ; and the only way of approximating to such a measure is by ascertaining what evidence could be adduced in support of the issue. All this has made many parts of the present work resemble a treatise on the law of *Nisi Prius*, rather than one exclusively appropriated to Damages. Wherever such divergences appear, I must only beg the reader to attribute them to a difficulty which I have done my best to surmount.

That many errors of a much graver nature, both omissions and mistakes, will be discovered, I cannot but expect. For these I must only ask the indulgence of the critic. Those who are best acquainted with the mazes of our law will be the most ready to pardon me for going astray.

JOHN D. MAYNE.

5, ESSEX COURT, TEMPLE,
May, 1856.

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D A M A G E S .

CHAPTER I.

CASES IN WHICH DAMAGES MAY BE RECOVERED.

DAMAGES are the pecuniary satisfaction which a plaintiff may obtain by success in an action. They may rise to almost any amount, or they may dwindle down to being merely nominal. They may be governed by rules so strict as to enable the Judge to dictate their amount as a matter of law : or they may be left, within loose limits, almost entirely to the discretion of the jury. It becomes then a most important inquiry to ascertain the principles by which they are measured, and the species of evidence by which they may be aggravated or reduced. It is proposed in the following work, first to state briefly the actions in which damages may be recovered ; then to examine the rules by which they are measured ; and finally to inquire into the practice which prevails as to the pleading and assessment of damages, and to point out the cases in which the Court will review the decisions arrived at by a jury (a).

Till some years ago actions were personal, real, or mixed. Damages were recoverable in all personal actions at common law ; and so they were in mixed actions by the very definition of the latter, as being "suits wherein some real property is demanded, and also personal damages for a wrong sustained"(b). But no damages could be obtained in real actions,

Damages in
personal and
mixed,

but not in
real actions,

(a) It must be remembered that the rules as to damages can in the nature of things only be approximately just, and that they have to be worked out not by mathematicians but by juries ; *per* Lindley, L. J., *Rodocanachi v. Milburn*, 18 Q. B. D. at p. 78 ; 56 L. J. Q. B. 202.

(b) 3 Bl. Com. 118.

In these the plaintiff only claimed title to real property, but not damages, and the Court could not give the defendant that which he demanded not. *Judex non reddit plus quam quod ipse petens requirit* (c). This exception was once very important, but after stat. 3 & 4 W. IV. c. 27, which, at one blow (d), swept away sixty-two real actions with barbarous names, it became quite insignificant. That statute left only two real actions, viz., writ of right of dower, and ejectment. The latter action, too, in one instance assumed the form of a mixed action, when brought by landlord against tenant; in which case damages might be obtained for mesne profits (e). Quare impedit, and Dower unde nihil habet, remained both mixed actions, in which damages might be obtained.

These distinctions are now obsolete. All actions are commenced by the ordinary writ of summons indorsed with a statement of the nature of the claim made, or of the relief or remedy required. The action for recovery of land has become still more of a mixed nature, as claims may be joined with it for mesne profits, arrears of rent, double value, or breach of any contract under which the land is held, or for wrong or injury to the land (f); and there seems no reason why Quare impedit and Dower should not be joined with other causes of action if they can be conveniently disposed of together (g).

nor on an
indictment.

No damages are recoverable on an indictment, or information, as the suit is maintained in the name of the king (h); and even where the statute gives damages to the person aggrieved, they cannot be obtained on the indictment, but must be sued for in an action on the statute, in the name of the party grieved (i). But an informer, upon conviction of the prisoner on any penal law, may have the third part of the fine the Court set upon him, according to the king's privy seal to that purpose (k).

Damages in
actions on a
penal statute;

Where a defendant is sued in debt upon a penal statute, several distinctions are taken as to his liability to damages for the detention of the penalty. Where the action is brought by

(c) 2 Inst. 286.

(d) S. 36.

(e) 15 & 16 Vict. c. 76, s. 214.

(f) Ord. 18, R. 2.

(g) See, as to inconvenience, Ord.
18, R. 8.

(h) 1 Roll. Abr. 220.

(i) 2 Hawk. P. C. c. 25, s. 3.

(k) *R. v. Gover*, 1 Keb. 487.

a common informer, no damages can be obtained ; because as he had no right to the money before the action was commenced, it cannot be said that it was detained from him. But it is otherwise where the penalty is given to the party grieved (*l*). In the latter case, too, the further distinction is taken, that when a statute gives a penalty certain, and also an action of debt, if the defendant does not pay on demand, but forces the plaintiff to a suit, he shall recover his damages, because the other did not pay the duty due by the statute upon demand. But where the penalty is uncertain, as treble damages, no damages are allowed for detention (*m*).

Where the action is against several for a penalty given by statute, only one penalty can be recovered against all. Although the words are, "that every person offending contrary thereto shall forfeit to the party aggrieved for every offence, &c.," yet the meaning is, that the penalty shall relate to the offence and not to the person (*n*).

The mere fact that the breach of a public statutory duty has caused damage to a private individual does not vest a right of action in the person suffering the damage against the person guilty. Whether the breach does or does not give the right of action must depend upon the object and language of the particular statute (*o*).

When a party persisted in suing in an Ecclesiastical Court after a prohibition had been delivered, damages were given, either in an action upon the prohibition, or upon attachment (*p*). The proceedings in prohibition, including the assessment of damages, are now in the High Court assimilated to those in ordinary actions for damages (*q*).

or a prohibition.

(*l*) *North v. Musgrave*, 1 Roll. Abr. 574; *Frederick v. Lookup*, 4 Burr. 2018; *Cuming v. Sibby*, *ibid.* 2489.

(*m*) *North v. Wingate*, Cro. Car. 559; *Sedgwick v. Richardson*, 3 Lev. 374.

(*n*) *Patridge v. Emson*, Noy. 62. Where a penalty is imposed on a continuous offence, one penalty only is recoverable. *Garrett v. Messenger*, L. R. 2 C. P. 583; 36 L. J. C. P. 337. See *Apothecaries' Co. v. Burt*, 5 Ex. 363; 19 L. J. Ex. 334.

(*o*) *Atkinson v. Newcastle & Gateshead Works Co.*, 2 Ex. D. 441, questioning *Couch v. Steel*, 3 E. & B. 402; 23 L. J. Q. B. 121. *Apothecaries' Co. v. Jones*, [1893] 1 Q. B. at p. 97 *per* Hawkins, J. See *post*, Chap. XVI.

(*p*) *Facy v. Lange*, Cro. Car. 559; *Heywood v. Foster*, 3 Lev. 360.

(*q*) O. 68, R. 3.

CHAPTER II.

1. *Nominal damages.*
2. *General Principles in Actions on Contracts—on Torts.*
3. *Remote Damage — Costs of Actions.*
4. *Period for which Damages may be Assessed.*
5. *Reduction of Damages—Set-off.*

It was laid down in the preceding chapter that damages are recoverable in all *personal* actions; and not only may they be recovered, but they must necessarily be so in every case where the plaintiff is entitled to a verdict. The amount of course depends upon the nature of the action and the evidence. Where he gives no evidence of his loss, the damages generally are, but need not necessarily, be nominal.

“Nominal damages mean a sum of money that may be spoken of, but has no existence in point of quantity” (a). Therefore, where a plaintiff sued in an inferior court of record for a debt of 50*l.*, which was the extent of its jurisdiction, and neither recovered nor sought to recover damages, except for the purpose of obtaining costs, it was held that nominal damages for this purpose did not place the debt beyond the jurisdiction (b).

Nominal damages where there is an *injuria absque damno*.

“Every injury imports a damage, though it does not cost the party one farthing; for a damage is not merely pecuniary, but an injury imports a damage when a man is thereby hindered of his right. As in an action for slanderous words, though a man does not lose a penny by reason of the speaking them. So if a man give another a cuff on the ear, though it cost him nothing. . . . So a man shall have an action against another for riding over his ground, though it do him no

(a) *Per Maule, J.*, 2 C. B. 499.

(b) *Joule v. Taylor*, 7 Exch. 58.

damage, for it is an invasion of his property, and the other has no right to come there" (c).

This rule applies equally whether the action is on a contract or for a tort. A few examples will illustrate it. Where the defendant, a banker, had refused to pay the plaintiff's cheques, though he had funds in his hands, but no injury was proved, nominal damages were given (d). So where in an action by the creditor against the surety, it appeared that the principal debtor had indeed broken his agreement; but that the only injury accruing to the creditor arose from his own voluntary act, in making advances to which he was not bound (e). So nominal damages may be obtained for imitating the plaintiff's trade marks, or the wrappers in which his goods are made up (f); or for misrepresentations as to the conditions of an insurance company, whereby the plaintiff was induced to effect an insurance with it (g); or for an infringement of any easement or right connected with land, though no injury is proved, or even alleged (h).

Where the breach of a contract cannot possibly injure the person with whom it is made, but may injure another person for whose benefit it was made, the right of the former to recover more than nominal damages will depend upon the further consideration, whether he is a trustee for the person who is substantially interested in the performance of the contract. For instance:—the grantee of sporting rights over the property of the plaintiff covenanted to keep down rabbits, so that no appreciable damage might be done to the crops. He failed to do so, and considerable damage resulted to the crops of the plaintiff's farming tenant. No injury whatever accrued to the

(c) *Per Holt, C. J., Ashby v. White*, Ld. Raym. 938, 955; and see *per Erle, C. J., Smith v. Thackerah*, L. R. 1 C. P. 566: 35 L. J. C. P. 276. Torts however to be actionable must be either intentional or negligent. *Stanley v. Powell*, [1890] 1 Q. B. 86.

(d) *Marzetti v. Williams*, 1 B. & Ad. 415.

(e) *Warre v. Calvert*, 7 A. & E. 143.

(f) *Blafeld v. Payne*, 4 B. & Ad. 410.

(g) *Pontifex v. Bignold*, 3 M. & G. 63.

(h) *Embrey v. Owen*, 6 Exch. 353; *Northam v. Hurley*, 1 E. & B. 665; *Harrop v. Hirst*, L. R. 4 Ex. 43: 38 L. J. Ex. 1; *Medway Navigation Co. v. Earl of Romney*, 30 L. J. C. P. 236: 9 C. B. N. S. 575; *Claxton v. Claxton*, 7 Ir. Rep. C. L. 23. So in an action against a railway company for non-fulfilment of an agreement to build accommodation works. *Brown v. S. & D. Ry. Co.*, 34 L. J. Ex. 152. See *post*, as to injuries to easements, pp. 463 *et seq.*

plaintiff himself, and he never had paid, and was under no liability to pay the injured farmer any compensation for the loss arising from the rabbits. It was held that the plaintiff could recover no more than nominal damages (i). On the other hand, where the father of a person, who was about to become a member of *Lloyds'*, gave to the managing committee of that body a guaranty for the due fulfilment of any obligations his son might contract in his dealings as a member of that body, and he did make default in such dealings; it was held that *Lloyds'* association might recover substantial damages upon the guaranty, although the persons injured by the son's default were outsiders, inasmuch as the guaranty was given for the benefit of all such persons, and the plaintiffs were trustees of the guaranty for every person who entered into a contract with the son, as an underwriting member of *Lloyds'* (j).

Cases in which absence of loss destroys right of action.

A distinction, however, must be taken here between what may be called absolute and relative rights. A man has an absolute right to have a promise performed, or to keep his estate inviolate; and he may sue and obtain nominal damages for an infringement of this right, although its maintenance is no benefit to him, and its violation no injury. But there are other rights which are merely relative to a particular benefit which the plaintiff is to reap from their enjoyment. The right and the benefit are co-extensive; and if the benefit is negatived the right ceases. An instance of this nature is the right which every man has to the services of a public officer. It is the duty of a sheriff to make a true return to a writ directed to him, and to arrest a debtor on proper process. But this duty is only imposed upon him for the benefit of the creditor; and if he can absolutely negative the possibility of any advantage accruing to the latter from the performance of his duty, the plaintiff will not even be entitled to nominal damages (k). So in the case of an attorney. His employer has a right to his best services, and may sue him for negligence;

(i) *West v. Houghton*, 4 C. P. D. 197, distinguishing *Robertson v. Wait*, 8 Exch. 299; 23 L. J. Ex. 209.

(j) *Lloyds v. Harper*, 16 Ch. D. 290; 50 L. J. Ch. 140; *re Flacell*, 25 Ch. D. 89.

(k) *Wylie v. Birch*, 4 Q. B. 566; *Williams v. Mostyn*, 4 M. & W. 145; *Stimson v. Farnham*, L. R. 7 Q. B. 175; 41 L. J. Q. B. 52. See *post*, pp. 480 *et seq.*

but if the attorney can prove affirmatively that even his diligence would have been ineffectual, it is a bar to the action (*l*).

And so under the Ballot Act, 1872, damages for breach of duty on the part of the presiding officer, whereby voting papers were improperly marked, and thereby became useless, can only be recovered by a person who has been injured by such a breach of duty. But where the injury and the breach of duty are established, the action lies without proof of either malice or negligence (*m*).

On the same principle, where an application is made against a director or other official of a company under s. 165 of the Companies Act, 1862, it is not sufficient to show that he has committed a breach of duty towards the company. The applicant must go on to show that the act complained of has resulted in loss to the funds and assets of the company (*n*). So an action brought under Lord Campbell's Act, 9 & 10 Vict. c. 93, for damages resulting from death caused by the negligent act of the defendant, must be dismissed, if the negligence, though established, and though found to have accelerated the death, did not accelerate it in any appreciable degree, so as to have caused any appreciable damage (*o*).

Setting aside this exceptional class of cases, it may, however, be broadly stated that every infringement of a right involves a claim to nominal damages, though all actual damage is disproved. And, accordingly, in a suit for general average, in which a nonsuit was taken, because the jury were about to give a verdict for the defendant on the ground that they could not ascertain that any specific sum was the proportion due to the plaintiff, the court ordered a verdict to be entered for the plaintiff, with 6*d.* damages (*p*). It by no means follows, however, that in every such case only nominal damages are recoverable ; this will be so when not only actual but contingent

Damages not necessarily nominal where no actual injury.

(*l*) *Godefroy v. Jay*, 7 Bing. 413.

(*m*) *Pickering v. James*, L. R. 8 C. P. 489 : 42 L. J. C. P. 217.

(*n*) *Cutendish Bentinck v. Fenn*, 12 App. Ca. 652 : 57 L. J. Ch. 552.

(*o*) *Kerry v. England*, [1898] A. C. 742 : 67 L. J. P. C. 150.

(*p*) *Frize v. Thompson*, 1 Taunt. 121. Where, however, in an action on an account stated, the fact of an account having been stated was proved, but the only evidence as to its amount was excluded, it was held by the Court of Queen's Bench (Erle, J., *contra*) that the plaintiff must be nonsuited, on the ground that there cannot be a statement of an account without an item settled. *Lane v. Hill*, 18 Q. B. 252.

injury is negatived. But where there may be an injury, either existing at present, though unascertained, or to arise hereafter, and for which no fresh action could be brought, substantial damages may be given at once. As, for instance, in an action against a banker for not paying his customer's cheque (*g*); or on a covenant to pay off incumbrances (*r*), or a sum of money for which plaintiff was jointly liable with defendant to a third party (*s*).

Cases where damage is of the essence of the action.

The above cases must all be distinguished from those in which the existence of an injury is necessary to constitute the infringement of a right. There damage is an essential element in the right of action, and not merely a consequence flowing from it. For instance, every man has a right to deal as he pleases with his own property, provided his doing so does not cause an injury to the property of another. The moment the injury follows, the right of another is invaded, and that which was innocent becomes wrongful. A man has a right to dig, or to build, or to carry on any manufacture he likes, upon his own land. But if by digging he lets down the land or buildings of his neighbour, which have a right to support, or if by building he darkens windows which have acquired a right to light, or if by his manufacture he creates an appreciable nuisance to those around him, his act becomes wrongful (*t*). A landlord is entitled to keep game on his land in the usual and ordinary manner, but he is not entitled to keep it or allow it to increase to such an unreasonable extent as to be a nuisance to his neighbours (*u*).

Difference between *damnum* and *injuria*.

Nor must it be forgotten that there is a difference between harm and injury, *damnum* and *injuria*. A man is not liable to action, still less to substantial damages, merely because some act of his has caused loss to another, unless that other had a

(*g*) *Rolin v. Steward*, 14 C. B. 595; *Larios v. Gurety*, L. R. 5 P. C. 346.

(*r*) *Lethbridge v. Mytton*, 2 B. & Ad. 772.

(*s*) *Loosemore v. Radford*, 9 M. & W. 657.

(*t*) *Backhouse v. Bonomi*, 9 H. L. Cases, 503 : 34 L. J. Q. B. 181; *Tapling v. Jones*, 11 H. L. Cases, 290 : 34 L. J. C. P. 342; *Smith v. Thackerah*, L. R. 1 C. P. 564 : 35 L. J. C. P. 276; *St. Helen's Smelting Co. v. Tipping*, 11 H. L. Cases, 642 : 35 L. J. Q. B. 66; *Fletcher v. Smith*, 2 App. Cas. 781 : 47 L. J. Ex. 4; *Orr Ewing v. Colquhoun*, *ibid.* 839; *Robinson v. Kilvert*, 41 Ch. D. 88 : 58 L. J. Ch. 392.

(*u*) *Farrer v. Nelson*, 15 Q. B. D. 258 : 54 L. J. Q. B. 385.

right to be protected against any loss flowing from such an act. A man cannot give to his own wares a name which has been adopted by a rival manufacturer, so as to make his wares pass as being manufactured by the other. But there is nothing to prevent him giving his own house the same name as his neighbour's house, though the result may be to cause inconvenience and loss to the latter (*v*). A trader, or an association of traders, may conduct his or their business in a manner so profitable to their customers as practically to monopolise the trade for themselves, and to exclude from it all other persons who do not possess the same capital or facilities as themselves, but such a system is neither unlawful nor actionable. If neither the end contemplated by the agreement, nor the means used for its attainment were contrary to law, the loss suffered by the rival trader would be *damnum sine injuria* (*x*).

Damages in debt are in general merely nominal for its detention, and where the plaintiff has actually received payment of the debt, he cannot afterwards commence an action for these damages (*y*).

Damages in debt.

We may now proceed to the more important inquiry, as to the general rules which determine the amount of substantial damages. It will be convenient to examine in order,

I. The principles upon which damages are given in actions of contract and tort.

II. What damage is inadmissible on the ground of remoteness.

III. The period of time in reference to which damages may be assessed.

IV. The cases in which evidence may be given to reduce damages.

I. The theoretical idea of damages is, that they are to be a compensation and satisfaction for the injury sustained (*z*). Practically, however, there can hardly ever be a case in which

Damages not a complete compensation.

(*r*) *Johnston v. Orr Ewing*, 7 App. Cas. 219; *Day v. Brownrigg*, 10 Ch. D. 294; *Keeble v. Hickeringill*, 11 East, 574, n.

(*s*) *Mogul Steam Ship Co. v. McGregor*, [1892] A. C. 25: 61 L. J. Q. B. 295. See further as to trade combinations, *Allen v. Flood*, [1898] A. C. 1: 67 L. J. Q. B. 119; *Huttlery v. Simmons*, [1898] 1 Q. B. 181: 67 L. J. Q. B. 213.

(*y*) *Beaumont v. Greathead*, 2 C. B. 494. See more fully upon this point, *post*, pp. 242 *et seq.*

(*z*) 2 Bl. Com. 438.

they are completely so. Take the simplest instance, viz., the non-payment of a debt. Put out of the question every element of mental suffering caused by the delay. There may be a clear amount of pecuniary loss flowing in the most direct manner from it. The creditor may become insolvent, and be permanently ruined. He may have to borrow money at an extravagant rate of interest. Even if nothing of the sort happens, still his taxed costs of suit never repay him for the amount he has expended in the action; for none of this, however, can he be compensated. The amount of the debt, with interest, and taxed costs is all he can recover. And so if the defendant's negligence cause him the loss of a limb. The diminution of his future enjoyment of life can, of course, never be made up to him by money; but the injury may even make it utterly impossible for him to continue his profession. Yet the jury could not in such a case award a successful surgeon such a sum as would purchase an annuity equal to his earnings, without making deductions and allowances for contingencies, which might materially affect his pecuniary position (a).

Rule in
actions of
contract.

In the case of contract the measure of damages is much more strictly confined than in cases of tort. As a general rule, the primary and immediate result of the breach of contract can alone be looked to. Hence, in the case of non-payment of money, no matter what the amount of inconvenience sustained by the plaintiff, the measure of damages is the interest of the money only (b). So where the contract is to deliver goods, replace stock, or convey an estate, the profit which the plaintiff might have made by the resale of the matter in question cannot in general be taken into account; nor the loss which he has suffered from the fact of his ulterior arrangements, made in expectation of the fulfilment of the bargain, being frustrated. The principle of all these cases seems to be, that, in matters of

(a) *Phillips v. L. & S. W. Ry. Co.*, 5 Q. B. D. 78 : 49 L. J. Q. B. 233.

(b) *Per Willes, J., Fletcher v. Tayleur*, 17 C. B. p. 29 : 25 L. J. C. P. p. 66; *per Bovill, C. J., British Columbia Saw Mill Co. v. Nettleship*, L. R. 3 C. P. at p. 506 : 37 L. J. C. P. at p. 240. See also *Duckworth v. Ewart*, 2 H. & C. 129 : 33 L. J. Ex. 24; *Prehn v. Royal Bank of Liverpool*, *post*, p. 20; *Re English Bank of R. Plate, Ex p. Bank of Brazil*, [1893] 2 Ch. at p. 446 : 62 L. J. Ch. 578, *per Chitty, J.*, and *Wallis v. Smith*, 21 Ch. D. at p. 257 : 52 L. J. Ch. 145, where Jessel, M. R., described the English Law as not quite consistent with reason.

contract, the damages to which a party is liable for its breach ought to be in proportion to the benefit he is to receive from its performance. Now this benefit, the consideration for his promise, is always measured by the primary and intrinsic worth of the thing to be given for it, not by the ultimate profit which the party receiving it hopes to make when he has got it. A bottle of laudanum may save a man his life, or a seat in a railway carriage may enable him to make his fortune; but neither is paid for on this footing. The price is based on the market value of the thing sold. It operates as a liquidated estimate of the worth of the contract to both parties. It is obviously unfair, then, that either party should be paid for carrying out his bargain on one estimate of its value, and forced to pay for failing in it on quite a different estimate. This would be making him an insurer of the other party's profits, without any premium for undertaking the risk.

The leading case on the subject of damages arising from a breach of contract is that of *Hadley v. Baxendale* (c). It arose out of the following facts :

The plaintiffs were owners of a steam-mill. The shaft was broken, and they gave it to the defendant, a carrier, to take to an engineer, to serve as a model for a new one. On making the contract, the defendant's clerk was informed that the mill was stopped, and that the shaft must be sent immediately. He delayed its delivery, the shaft was kept back in consequence, and in an action for breach of contract they claimed as specific damages the loss of profits while the mill was kept idle. It was held that if the carrier had been aware that a loss of profits would result from delay on his part, he would have been answerable. But as it did not appear he knew that the want of the shaft was the only thing which was keeping the mill idle, he could not be made responsible to such an extent. The Court said "We think the proper rule in such a case as the present is this :—where two parties have made a contract which one of them has broken, the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered either arising naturally, *i.e.*, according to the usual course of things, from such breach

*Hadley v.
Baxendale.*

Rule laid
down.

of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract, as the probable result of the breach of it. Now if the special circumstances under which the contract was actually made were communicated by the plaintiffs to the defendant, and thus known to both parties, the damages resulting from the breach of such a contract which they would reasonably contemplate, would be the amount of injury which would ordinarily follow from a breach of contract under these special circumstances so known and communicated (*d*). But on the other hand, if these special circumstances were wholly unknown to the party breaking the contract, he at the most could only be supposed to have had in his contemplation the amount of injury which would arise generally, and in the great multitude of cases, not affected by any special circumstances, from such a breach of contract. For had the special circumstances been known, the parties might have specially provided for the breach of contract by special terms as to the damages in that case, and of this advantage it would be very unjust to deprive them. The above principles are those by which we think the jury ought to be guided in estimating the damages arising out of any breach of contract."

The rule laid down in *Hadley v. Barendale* was intended to settle the law (*e*), and it has been accepted both in England and America (*f*). It has been supposed to lay down three rules. First, that damages which may fairly and reasonably be considered as naturally arising from a breach of contract, according to the usual course of things, are always recoverable. Secondly, that damages which would not arise in the usual course of things from a breach of contract, but which do arise

Three rules in
Hadley v.
Barendale.

(*d*) It has been said that this sentence is to be considered as an exemplification of the second branch of the rule rather than as part of the rule, *per* Ld. Esher, M. R., *Hammond v. Bussey*, 20 Q. B. D. at p. 88 : 57 L. J. Q. B. 58.

(*e*) See *per* Pollock, C. B., *Wilson v. Newport Dock Co.*, L. R. 1 Ex. at p. 189 : 35 L. J. Ex. at p. 103. It is too late now to question it. See *per* Ld. Esher, M. R., *Hammond v. Bussey*, 20 Q. B. D. at p. 87.

(*f*) The leading case in America is *Griffin v. Colver*, 16 N. Y. 489, where the rule was stated to be that "the damages must be such as may fairly be supposed to have entered into the contemplation of the parties when they made the contract—that is, they must be such as might naturally be expected to follow its violation ; and they must be certain, both in their nature and in respect to the cause from which they proceed."

from circumstances peculiar to the special case, are not recoverable unless the special circumstances are known to the person who has broken the contract. Thirdly, that where the special circumstances are known, or have been communicated to the person who breaks the contract, and where the damage complained of flows naturally from the breach of contract under those special circumstances, then such special damage must be supposed to have been contemplated by the parties to the contract, and is recoverable. A further rule is implied, viz., that damage which cannot be considered as fairly and naturally arising from breach of contract under any given circumstances, is not recoverable, whether those circumstances were or were not known to the person who is being charged.

It may be convenient to examine the cases, as they fall under these rules. First, cases in which the damage complained of arises in the usual course of things. The simplest illustration of this rule is the every-day case of non-payment of money, or non-delivery of goods. In the former case, the party either loses the benefit of his money, or has to provide himself with money elsewhere. In either alternative the damage suffered is the usual interest. In the latter case, the party must provide goods somewhere else, if possible. The damage is the difference of price, if he can do so, or the loss he has incurred, if he cannot. Other cases, however, are of a less simple character, though falling under the same rule. For instance, in some cases an article possesses a varying value, being more saleable at some seasons and less saleable at others. Skates and furs are more saleable at the beginning of winter; muslins and silks at the beginning of summer. The difference in value would be probably taken into consideration in estimating a breach of contract in respect to such articles.

The case of *Fletcher v. Tayleur* (g) is an instance of this class. There the defendant had contracted to build a ship, which was to be delivered to the plaintiff on the 1st of August, 1854. It was not delivered till March, 1855. The vessel was intended by the plaintiffs,—and from the nature of her fittings the defendants must have known the fact,—for a passenger ship in the Australian trade. Evidence was given that freights to

First rule.
Damages
arising in the
natural course
of things.

Value of
article depen-
dent on
season.

Australia were very high in July, August, and September, but fell in October, and continued low till May, when the vessel sailed; and that had she been delivered on the day named, she could have earned 2,750*l.* more than she did. On the other hand, it was shown that the plaintiffs would have extended the time for delivery till the 1st October, if the defendants would have bound themselves to that day under a demurrage (which however was refused); and that they had stated as their reason for wishing to have the ship then, "that after that time the days would be shortening so fast that they would be seriously inconvenienced and prejudiced in fitting the vessel out." The judge charged in the words of *Hadley v. Barendale*, and the jury found a verdict of 2,750*l.* An attempt was made to set aside the verdict for excess of damages, on the ground that if the plaintiff's offer had been complied with, the loss of freight would have been suffered; and that the damages should be measured rather by the species of loss which they had themselves pointed out, than by that which they afterwards set up. The rule was refused.

In this case the primary object of the ship was to earn freight by carrying passengers. The defendant was to be paid the value of such a ship. Any delay in its completion would clearly subject it to a diminution in value by a fall of freight. The measure of that diminution in value was accurately expressed by the difference in profits obtained on the first voyage.

Damages for
loss of season.

Similarly in *Wilson v. Lancashire and Yorkshire Railway Co. (h)*, the plaintiff, a cap manufacturer at Cockermouth, bought cloth at Huddersfield for the purpose of making it up into caps, which he was in the habit of selling through the country by travellers. The cloth was delivered to the defendants for carriage to Cockermouth, and was delayed by them so long that the plaintiff did not receive it in time to manufacture it into caps, the season having passed before he could execute the orders obtained by his travellers. He claimed damages for the loss of his season. It was held that he was entitled to them, assuming the loss of the season to mean, not

(h) 9 C. B. N. S. 632 : 30 L. J. C. P. 232, followed *Schulze v. Great Eastern Ry. Co.*, 19 Q. B. D. 30 : 56 L. J. Q. B. 442.

the loss of the profits which he would have made by the sale of the caps, but the diminished value of the cloth to him by reason of its delivery at the end of the season instead of at the beginning.

On the same principle a fall in the market value of goods, between the date at which they should have been, and the date at which they were delivered, has been held recoverable, although the fall was what might be termed accidental, and in no way arising from the nature of the article. In *Collard v. South Eastern Railway Co.* (i), hops were entrusted to the defendants for carriage. They were delayed and delivered in a partly damaged state through exposure. The plaintiff dried them, which caused further delay, and then sold them. At the time of sale the market price of undamaged hops had fallen from 18*l.*, their value, when delivered in their damaged state, to 9*l.* A further loss was suffered in consequence of the actual damage to part of the hops from the damp. It appeared that only a portion of the hops in each pocket had been injured, and that this part might have been removed, and filled up with good hops, or the uninjured part might have been sold separately. But it was proved that it was the custom to sell hops in their original bags, these being marked by the Excise, and that any transfer or filling up would have been looked upon with suspicion. Under these circumstances it was held that the defendants were liable, not only to pay for the depreciation caused by the actual damage to part, but also for the fall in value of the whole, caused by the delay consequent on restoring them as far as possible to a marketable condition. Martin, B., said, "We are to assume that these hops ought to have been delivered on a certain day; and further, we are to assume that by reason of the contract being broken by the defendants, these hops could not be brought into the market until a certain other day. It was proved that if they had been brought to market they would have produced a certain sum, but that when they were brought to market at a future day we find the market price had fallen, and the articles had fallen in value by an amount of 65*l.* If that is not a direct, immediate, necessary,

Fall in
market value
of goods.

(i) 7 H. & N. 79 : 30 L. J. Ex. 393.

and essential consequence of the breach of contract by the defendants, I cannot understand what it is."

Selling value
the test of
depreciation.

Channell, B., agreed with this opinion, but thought that the doctrine of *Hadley v. Baxendale* did not apply; apparently because the carriers had no notice that the hops were intended for sale, and the non-damaged parts were as good as ever if the plaintiff had used them himself. But it is submitted that value cannot be estimated by two different standards, the value for use and the value for sale. Still less can a person who has broken his contract and thereby reduced the selling value of an article, be allowed to select some other standard of value which would be more favourable to himself. Suppose a person hires a horse with an express agreement not to hunt him, and he does so, and the horse falls and blemishes his knees, and thereby diminishes his selling value. Evidence would surely be worthless, if not inadmissible, which went to show that for actual use he was as good as before. The owner has a right to say, the value of my property is diminished by the only test to which it can be subjected, viz., what it will fetch in the market.

Same rule in
America.

The same rule is also followed in America, where it is held, "That where a carrier, from mere negligence or plain violation of duty, omits to transport merchandise within a reasonable time, and its market value falls in the meantime, the true rule of damage is the difference in its value at the time and place it ought to have been delivered, and the time of its actual delivery" (j).

Held not to
apply to car-
riers by sea.

The Parana.

In all the cases last referred to the carriage was by land. In a more recent case, however, it has been decided that the same principle does not apply to cases of carriage by sea. An action was brought in the Admiralty Court by the assignee of goods against a British ship, to recover damages incurred from an unreasonable delay in their carriage. Damages being admitted, a reference was made to the Registrar, assisted by merchants, to find the amount. He found that a fall in the market value of the goods had taken place between the time of actual delivery and the time at which they ought to have been delivered. This amount, however, he refused to grant, saying

(j) *Ward v. New York Central Ry.*, 47 N. Y. 29; cited 1 P. D. 464. See, too, *Borries v. Hutchinson*, 18 C. B. N. S. 445; 34 L. J. C. P. 169.

that it had never been the practice in the Court of Admiralty to give such damages, and though it constantly happened that by accidents, such as collisions, goods were delayed in their arrival, it never had been the custom to include in the damages the loss of market. He reported therefore that the plaintiff was only entitled to 5 per cent. interest on the invoice value of the goods during the period of delay. On appeal, Sir Robert Phillimore awarded the full damages claimed, on the authority of the previous cases. But the report of the Registrar was confirmed by the Court of Appeal, and that of Sir Robert Phillimore was reversed. Mellish, L.J., said, "If goods are sent by a carrier to be sold at a particular market; if, for instance, beasts are sent by railway to be sold at Smithfield, or fish is sent to be sold at Billingsgate, and, by reason of delay on the part of the carrier, they have not arrived in time for the market, no doubt damage for the loss of market may be recovered. So if goods are sent for the purpose of being sold in a particular season, when they are sold at a higher price than they are at other times, and if by reason of breach of contract they do not arrive in time, damages for loss of market may be recovered. Or if it is known to both parties that the goods will sell at a better price if they arrive at one time than if they arrive at a later time, that may be a ground for giving damages for their arriving too late, and selling for a lower sum." He then pointed out that the cases were all cases of carriage by land, and were treated by the courts as if the goods were consigned for the purpose of immediate sale. "The difference between cases of that kind and cases of the carriage of goods for a long distance by sea seems to be very obvious. In order that damages may be recovered, we must come to two conclusions—first, that it was reasonably certain that the goods would not be sold until they did arrive; and, secondly, that it was reasonably certain that they would be sold immediately after they arrived, and that that was known to the carrier at the time when the bills of lading were signed. It appears to me that nothing could be more uncertain than either of those two assumptions in this case. Goods imported by sea may be, and are every day, sold while at sea." "In this particular case the plaintiff did not sell the goods when they arrived, for he sold them some months afterwards, when a further fall had

The Parana.

taken place in the market. How can we tell that he would not have done exactly the same thing if the goods had arrived in time? Therefore, it seems to me, that to give these damages would be to give speculative damages—to give damages when we cannot be certain that the plaintiff would not have suffered just as much if the goods had arrived in time" (*k*). The same rule has been followed where the delay in the arrival of the goods was caused by a collision at sea, and the owners of the goods claimed damages against the colliding vessel. It was held that the loss of market was equally irrecoverable whether the action was upon a contract or for a tort (*l*).

Damages
where goods
cannot be
replaced.

Where there has been an absolute non-delivery of goods, either by breach of contract to deliver or to carry, the measure of damages is the market value at the time when and place where the goods ought to have been delivered, independently of any circumstances peculiar to the plaintiff, but deducting therefrom what he would have had to pay to get the goods, by way of freight or otherwise. The price at which the owner of the goods may have contracted to sell them to any third party, is not to be taken in preference to the market value at the time the goods should have arrived, whether it is greater or less than that value (*m*). But if the goods cannot be replaced for want of a market, their value must be estimated in some other way. If there has been a contract to resell them, the price at which such contract was made will be evidence of their value (*n*). If there has been no such contract, the market value may be estimated by adding to their price at the place where they were purchased the costs and charges of getting them to their place of destination, if any such were incurred, and the usual importer's profits (*o*).

(*k*) *The Parana*, 1 P. D. 452; 45 L. J. Adm. 108, reversed on appeal, 2 P. D. 118.

(*l*) *The Notting Hill*, 9 P. D. 105; 53 L. J. P. D. & A. 56. See *post*, p. 48.

(*m*) *Rodocanachi v. Milburn*, 18 Q. B. D. 67; 56 L. J. Q. B. 202.

(*n*) *France v. Gaudet*, L. R. 6 Q. B. 199; 40 L. J. Q. B. 121; 9 C. B. N. S. 632; *Borries v. Hutchinson*, 18 C. B. N. S. 445; 54 L. J. C. P. 169; *Godwin v. Francis*, L. R. 5 C. P. 295; 39 L. J. C. P. 121; *per Brett, M. R.*, 15 Q. B. D. p. 89.

(*o*) *O'Hanlan v. G. W. Ry. Co.*, 6 B. & S. 484; 34 L. J. Q. B. 154.

On the same principle, any increased cost to which a person is put, from the necessity of doing himself, what he had contracted that some one else should do for him, is recoverable, if what he does is the fair and proper thing to do under the circumstances. For instance, if a railway company fail to convey a passenger to the destination for which he has paid, he may charge them for a special conveyance, or for hotel charges, rendered necessary by the delay (*p*). But he will not be justified in taking a special train, merely to save himself the tedium of waiting for one which would take him to his journey's end a little later, and without some special and adequate object to be gained (*q*). It is obvious, however, that there might be circumstances in which such a course would be perfectly justifiable. Take, for instance, the case of a physician going to attend a patient, or a barrister going to plead a case. And so where the defendants broke their contract to carry a cargo of coal for the plaintiff, it was held that they were liable to pay not only the increased freight, at which he had to hire another vessel, but also the increased price he had to pay for his coal; the custom of the port being that coal could not be secured until a ship was ready to take it away (*r*).

Expenses arising from breach of contract.

In a case in the Court of Exchequer the rule was applied in an action for damages resulting from the non-payment of money under a special contract to do so. The defendants, bankers at Liverpool, undertook to accept the drafts of the plaintiffs' Alexandria firm, the plaintiffs undertaking to put them in funds to meet the bills at maturity, and the defendants receiving $\frac{1}{2}$ per cent. for the accommodation. Bills were accepted under this arrangement, and the plaintiffs duly provided the defendants with funds. Before the bills became due the defendants stopped payment, and gave notice to the plaintiff that they would be unable to meet the bills. The plaintiff arranged with another house at Liverpool to take up the bills, paying $2\frac{1}{2}$ per cent. commission. They were also obliged to pay to

Special damages from non-payment of money.

(*p*) *Hamlin v. G. N. Ry. Co.*, 1 H. & N. 408; 26 L. J. Ex. 20: *per* Blackburn, J., *Hinde v. Liddell*, L. R. 10 Q. B. at p. 268; 44 L. J. Q. B. 105.

(*q*) *Le Blanche v. L. & N. W. Ry. Co.*, 1 C. P. D. 286; 45 L. J. C. P. 321.

(*r*) *Featherston v. Wilkinson*, L. R. 8 Ex. 122; 42 L. J. Ex. 78. See *Millen v. Brash*, 8 Q. B. D. 35.

the holders the expenses of protesting the bills, and incurred expenses in telegraphic communication between Liverpool and Alexandria. In an action for breach of the contract to pay the bills out of the funds provided, it was urged on behalf of the defendants that this was a mere case of non-payment of money, and that the damages should be limited to the amount of the bills and interest. But the Court held that the ordinary rule applicable to damages for non-payment of a debt or bill was not applicable, and, there being a special contract, the damages reasonably flowing from its breach might be recovered, and the plaintiffs were therefore entitled to the commission which they had paid and the telegraphic and notarial expenses. Kelly, C.B., seems to have considered the damage as within the contemplation of the parties; but Martin, B., as on many other occasions, protested against this test, on the ground that parties, when they make contracts, contemplate fulfilling them and not breaking them. There was a difference of opinion also as to whether the plaintiffs were entitled to their damages as general or special damage (s).

Incon-
venience
arising from
breach.

Not only cost, but inconvenience caused by a breach of contract, may be paid for by damages, provided the inconvenience is substantial and appreciable. Where a railway company set down a man and his wife and family at a wrong station at night, and they could find neither conveyance nor hotel, and had to walk several miles in the rain, this was held to be a ground for substantial damages (t). But the mere breach of a contract will not necessarily involve anything beyond merely nominal damages, where the inconvenience caused is only a matter of vexation and annoyance, incapable of being stated in a tangible form, or assessed at a money value (u).

Damages
from breach
of warranty.

A recent case in the Common Pleas (x) seems strictly to come within the rule we are now discussing. There the defendant sold a cow with a warranty that it was free from disease. It

(s) *Prehn v. Royal Bank of Liverpool*, L. R. 5 Ex. 92; 39 L. J. Ex. 41. See for other instances of special damage recovered in somewhat similar cases for breach of contract to meet drafts, *Boyd v. Fitt*, 14 Ir. Com. L. Rep. 43; *Larios v. Gurety*, L. R. 5 P. C. 346. See also cases cited *post*, p. 57, n. (c).

(t) *Hobbs v. L. & S. W. Ry. Co.*, L. R. 10 Q. B. 111; 44 L. J. Q. B. 49. See, too, *Burton v. Pinkerton*, L. R. 2 Ex. 340; 36 L. J. Ex. 137.

(u) *Hamlin v. G. N. Ry. Co.*, 1 H. & N. 408; 26 L. J. Ex. 20.

(x) *Smith v. Green*, 1 C. P. D. 92; 45 L. J. C. P. 28.

was, in fact, suffering from foot and mouth disease. It died, and infected other cows with which it was placed ; and they died also. It was held, that he was liable for the entire loss. The case seems to have been put upon the special fact, found by the jury, that the defendant knew, or must be taken to have known, that the cow would be placed with other cows, which would naturally be infected. Of course the finding put the case beyond doubt. But I imagine that no such finding was necessary. As Grove, J., put it, "unless the cow in question was kept in solitary confinement, it would naturally be expected to herd with other cows" (y). No special knowledge was wanted to make it likely that a breach of the warranty would lead to exactly the consequences which happened. Cows are by nature gregarious, and the defendant could only have exonerated himself by making out that he had express reason to believe that this particular cow would be kept in an abnormal state of seclusion.

This case was followed in a very recent one, where a carriage builder supplied an unfit pole, which broke, upon which the horses became frightened and suffered injury. It was held that the proper question to leave to the jury on the point of damages was, whether the injury to the horses was or was not a natural consequence of the defect in the pole. A finding in the affirmative would entitle the plaintiff to recover the loss which had so accrued (z).

In the first of these two cases, it will be observed, there was an express warranty that the cow was free from disease. In the second there was an implied warranty that the pole was fit for the use it was to be put to. But where the seller distinctly refuses to warrant an article, which is sold with all its faults, and there is no misrepresentation as to its quality, and no attempt to conceal its defects, and the article is in fact that which it is sold as being, no undertaking can be implied that it is free from any particular defects, and consequently no responsibility can be incurred from injury that may arise from its possessing such defects. Even if the sale of the article with

Rule where there is no warranty of quality.

(y) 1 C. P. D. 96.

(z) *Randall v. Newson*, 2 Q. B. D. 102 ; 46 L. J. Q. B. 259. See too, *Waters v. Twiss*, 8 Exch. 401.

such defects is expressly forbidden by statute, no liability is incurred, except as regards persons who were injured in the particular manner which the statute aimed at preventing. All this was laid down by the House of Lords, in the case of *Ward v. Hobbs* (a). There the defendant sold thirty-two pigs in open market, under conditions of sale which expressly negatived any warranty, and stated that the lots were to be taken with all faults. Almost immediately after removal the pigs sickened and died of typhoid fever, and infected other pigs belonging to the purchaser, which also died. The Court of Queen's Bench affirmed a verdict which awarded to the plaintiff the full amount of his loss under both heads. Their decision was reversed by the Court of Appeal, and that reversal was affirmed by the House of Lords upon the principles above stated. Lord Cairns, C., seemed inclined to admit that the defendant might have been liable if his act had brought about the very mischief which the Contagious Diseases (Animals) Act was intended to prevent; that is to say, if by sending diseased animals into a public place, he had infected other animals which were in the same place; but this he had not done.

An important decision as to consequential damages under the first rule was given under the following circumstances (b). A horse fair was about to be held at Rugeley, and the plaintiff engaged stabling in advance for twelve horses from the defendant. On arrival they were put into the stabling, and their clothes were taken off preparatory to their being cleaned. The defendant, however, had in breach of his contract, let the same stabling to another person, and the latter with the help of the defendant's servant, turned the plaintiff's horses out without their clothing. Several hours elapsed before the plaintiff could find fresh accommodation. Four of the horses caught cold,

(a) 4 App. Ca. 13; 48 L. J. Q. B. 281, affirming decision of Court of Appeal, 3 Q. B. D. 150; which reversed the original decision, 2 Q. B. D. 331.

(b) *McMahon v. Field*, 7 Q. B. D. 591, at pp. 595, 597. See, too, *Coventry v. G. E. Ry. Co.*, 11 Q. B. D. 776, where the defendants having negligently issued two delivery orders for the same consignment, were held liable to the plaintiffs, who, on the faith of the orders, had made two advances instead of one. See also *Seton v. Lafont*, 18 Q. B. D. 139, affd. 19 Q. B. D. 68; 56 L. J. Q. B. 164.

which depreciated their value. The Court held that damages for this loss of value might be recovered in an action for breach of contract. Brett, L.J., said, "The question as to remoteness of damage has become a difficult one, since according to the case of *Hadley v. Baxendale*, it is for the Court, and not the jury to determine whether the case comes within any of the following rules, namely: first, whether the damage is the necessary consequence of the breach; secondly, whether it is the probable consequence; and thirdly, whether it was in the contemplation of the parties when the contract was made. These two last are rather questions of fact for a jury, than of law for the Court, to determine. Now the question in this case is, whether the fact of some of these horses catching cold is within any of those three rules. It was not the necessary consequence of the breach of contract, but I have no doubt that it was the probable consequence, and, if so, it follows that it was in the contemplation of the parties within the meaning of the third rule."

The learned Judge appears here to treat it as a deduction of law that a consequence which is either a necessary or a probable consequence of a breach of contract must necessarily be contemplated by the parties. If so, it only embarrasses the question to introduce the element of contemplation at all. Lord Justice Cotton took this view when he remarked, as several judges have observed before: "It is said that the rule is that the damage to be recoverable shall be such as would be fairly in the contemplation of the parties at the time the contract was made as the probable result of a breach of it; but in my opinion the parties never contemplate a breach, and the rule should rather be that the damage recoverable is such as is the natural and probable result of the breach of contract."

Contem-
plation of
breach.

The case of *Lillie v. Doubleday* (c) seems at first sight to go beyond this rule. There the plaintiff had lodged his goods with the defendant to warehouse, on an express contract that they were to be deposited in Kingsland Road. Part of them were deposited elsewhere, and were burnt. The plaintiff had insured them as deposited in Kingsland Road, and, of course, lost the benefit of his insurance. It was held that he was

entitled to recover their full value. Now it certainly was not the necessary, natural, or probable consequence of depositing the goods in one place rather than another that they should be burnt. But, in the first place, it appears that the action was not for damages for breach of contract in warehousing the goods in one place rather than another, but was simply an action for the recovery of the goods. To this the defendant could have no answer, except that they were destroyed by a cause for which he was not responsible, while he was dealing with them according to his contract. But this answer he could not make. If diamonds are deposited with a jeweller for safe custody, he would not be responsible if, after taking every proper precaution, his strong-room was emptied by burglars. But he certainly would be answerable, if he allowed his wife to wear the diamonds, and she was knocked down and robbed, even though she was watched by an entire division of police. Again, it is a well-known custom that depositors insure their own property against fire, and must necessarily insure it at some particular place. It was therefore a natural and probable consequence of a change in the place of deposit, within the knowledge of the owner, that any insurance which he might effect would become useless, and from this point of view the loss which he incurred from the breach of contract fell strictly within the first rule, in *Hadley v. Baxendale*.

Improbability
of breach
no bar to
damages.

It may be as well to observe, that where certain damages are the natural and probable consequences of a breach of contract, it is no objection to their recovery that the breach itself was wholly unintentional, unforeseen and improbable. A recent case in Ireland was of that nature. The defendant sold to the plaintiff distiller's grains, which are in ordinary use as food for cattle. There had been a fire upon the defendant's premises, in consequence of which particles of lead and other noxious matters had got among the grains. The defendant did not know, and probably could not have known this. The plaintiff's cattle were given the grains, and died in consequence. It was held that the sale of the grains carried with it an implied warranty that they were merchantable as such, and fit for the ordinary uses to which they were put. That being so, it was further held that the plaintiff was entitled to recover the loss of his cattle as damages for the breach of warranty. *Palles, C.B.*,

said: "For anything which amounts to a breach of contract, whether foreseen or unforeseen, the party who breaks the contract is responsible. If those consequences result solely from the act in question, and a usual state of things, they are the ordinary and usual consequences of that act, and the defendants are liable" (d).

The second rule, viz., that damages which would not arise in the usual course of things from a breach of contract, but which do arise from circumstances peculiar to the special case, are not recoverable, unless the special circumstances are known to the person who has broken the contract; received its first illustration from the case of *Hadley v. Baxendale* itself. In fact, that alone was the point actually decided in the case. The rule has been frequently followed in subsequent decisions.

The first of them, *Portman v. Middleton* (e), was a clear case. The plaintiff had undertaken to repair a steam threshing-machine for a third person by harvest time. For this purpose he required a new fire-box. The defendant undertook to make him one in a fortnight; but the plaintiff did not tell him of his own contract to repair the threshing-machine. The defendant made default in delivering the fire-box, and the plaintiff in consequence was unable to perform his contract, and was sued by the owner of the threshing-machine and obliged to pay him compensation. This compensation he sought to recover from the defendant, but failed, because it could not have been in the contemplation of the defendant when he made his contract with the plaintiff; and was not the ordinary consequence of the breach.

The next, *Smeed v. Ford* (f), in which the rule was adopted by the Court of Queen's Bench, was more complicated. The defendant contracted to deliver to the plaintiff a threshing-machine. He knew that the plaintiff's practice was to thresh his wheat in the field. The defendant made default, and the result was that the plaintiff, who could not get a machine elsewhere, was obliged to carry the wheat and stack it. While stacked it was injured by rain, and after being threshed it had

Second rule.

Special loss not known to defendant.

Smeed v. Ford.

(d) *Wilson v. Dunrille*, 6 L. R. Ir. 210. See, also, *per* Brett, J., *Randall v. Newson*, 2 Q. B. D. at p. 105; 46 L. J. Q. B. 259.

(e) 4 C. B. N. 8. 322; 27 L. J. C. P. 231.

(f) 1 E. & E. 602; 28 L. J. Q. B. 178.

to be kiln-dried. It was then sold, but fetched less than it would have done but for the delay, the market price of wheat having fallen in the meantime. It was held that both parties must have foreseen that if the machine were not delivered the wheat must be stacked, and injury from weather would probably result; and, therefore, that the plaintiff was entitled to recover the expenses of stacking the wheat, the loss arising from its deterioration by rain, and the expense of drying it; but not the loss arising from the fall in the market price, because the latter was not the natural result of the breach of contract, nor could it have been contemplated when the contract was made.

The concluding part of the above ruling was put upon a finding of fact, viz., that the parties could not have contemplated a fall in the market as one of the natural consequences of a breach of contract. Upon this point, however, it is difficult to see the distinction between this case and the other cases quoted below (*g*). If the defendant had undertaken to thresh the plaintiff's wheat and hand it over to him, and in consequence of his delay the market had fallen, these cases decide that the loss so incurred would have been part of the natural loss arising from the breach of contract. Here the defendant only undertook to supply him with a threshing machine. But every consequence which legally followed from the breach of contract to thresh, followed as an equally necessary consequence from a breach of contract to supply the means of threshing.

Gee v. Lancashire & Yorkshire Ry. Co.

In *Gee v. Lancashire and Yorkshire Railway Company* (*h*), the defendants who were carriers, delayed forwarding some cotton to the plaintiff's mill, which in consequence was stopped. There had been no notice at the time of delivery to the defendants that any particular inconvenience would be likely to result from delay. The plaintiffs were held not to be entitled to recover for loss of profits from the mill standing idle, nor the amount paid for wages during the time. The loss was in fact sustained, not in consequence of the non-arrival of the

(*g*) *Collard v. S. E. Ry. Co.*; *Borries v. Hutchinson*; *Ward v. New York Central Ry.*, ante, pp. 15, 16.

(*h*) 6 H. & N. 211; 30 L. J. Ex. 11.

cotton alone, but in consequence of that fact and of the plaintiffs having no other cotton in stock; the latter being a fact which the defendants were not bound to expect. A suggestion was thrown out by Bramwell, B., that to the rule laid down in *Hadley v. Baxendale* a qualification might perhaps be added, that in the course of the performance of a contract one party might give notice to the other of any particular consequence which would result from the breaking of the contract, and then have a right to say: "If you, after that notice, persist in breaking the contract, I shall claim the damages which will result from the breach."

Rule suggested by Bramwell, B.

In *Great Western Railway Company v. Redmayne* (i), an unsuccessful attempt was made to recover damages on the authority of the cases which have just been mentioned. The plaintiff sent goods by the defendants' railway to his traveller at Cardiff, but through the defendants' negligence they did not arrive till after the traveller had left. The plaintiff sought to recover the profits which he would have derived from a sale of the goods at Cardiff, on the principle that the market value to him, for the purposes of sale, was diminished after the departure of the traveller by the amount of the profit that would have been gained by a sale there; but it was held, that the market value of the goods was their value in the market independently of any circumstances peculiar to the plaintiff, and that the profits which would have been made by the sale at Cardiff, through the traveller being present, could not be recovered.

Meaning of market value.

In the recent case of *Cory v. Thames Ironworks Company* (k), a difficulty arose in applying the rule in *Hadley v. Baxendale*, because the parties had not in contemplation the same use for the article to be supplied, which was of a novel character. The defendants had built a large floating boom derrick, fitted with machinery for raising sunken vessels, for a company which had become insolvent, and had left it on their hands. The plaintiffs agreed to buy the hull of the derrick, which the defendants were to empty of machinery, and deliver at a time fixed. The plaintiffs, who were coal merchants, intended to place in the

Different results contemplated by each party.

(i) L. R. 1 C. P. 329. See, too, *Itodocanachi v. Milburn*, 18 Q. B. D. 67; 56 L. J. Q. B. 202.

(k) L. R. 3 Q. B. 181; 37 L. J. Q. B. 68.

*Cory v.
Thames Iron-
works Co.*

hull hydraulic cranes for the purpose of transshipping their coals direct from colliers into barges. This purpose was entirely novel and unknown to the defendants. They believed that the plaintiffs intended to use the hull for a coal store, which was the most obvious use to which such a vessel was capable of being applied by persons in the coal trade ; but the derrick being an entirely novel and exceptional vessel, and the first of the kind built, no vessel of the sort had ever been applied to such a purpose. She was capable, however, of being profitably employed for that purpose, and had she been so employed, her non-delivery at the time fixed would have caused loss and damage to the plaintiffs to the amount of 420*l*. As it was, the plaintiffs experienced a much greater loss, for they had purchased machinery and steam tugs to be used in conjunction with the hulk, and these lay idle for a considerable time. The plaintiffs, therefore, lost the interest upon the moneys expended, and, also, the profits which they would have made by the use of the derrick. The chief contention was as to whether the defendants were liable to pay the 420*l*. It was apparent that the plaintiffs could not recover the larger damages, the special purpose to which they had intended applying the derrick not having been made known to the defendants ; but it was further urged for the defendants, that to give the plaintiffs the 420*l*. would be to give them damages for what they had not suffered, nor even contemplated suffering, namely, being deprived of the use of the derrick as a coal store. The result, however, of this reasoning would have been, that when the buyer intended to apply a thing to a purpose which would make the damages greater, and did not intend to apply it to the purpose to which the seller supposed he intended to apply it, the seller would be set free altogether. The Court held that the sellers, having contemplated that the derrick was to be employed in what was in fact the most obvious mode of earning money, and the plaintiffs having lost more money than they would have lost if they had so employed it, they were entitled to be compensated to that extent, the loss having been the natural consequence of the non-delivery of the derrick.

In Hales v. London and North Western Railway Company (1)

Damages not
contemplated
by the
defendant.

the plaintiff had made a contract to supply a person at Seaham with equipments and ornaments for a Foresters' festival, to be held on a particular day. He delivered them for carriage to the defendants, addressed to Seaham, but no information was given as to the purpose for which they were sent, or the day on which it was desired that they should arrive. The ticket stated that they were to be forwarded by luggage train. If they had been sent on with due diligence they would have arrived in time. They were delayed unreasonably, and arrived late, in consequence of which the plaintiff incurred 5*l.* expenses in searching and inquiring for his goods, and lost 20*l.* which he would have received for their hire. It was held that he was entitled to recover the former sum, but not the latter.

In such a case, however, as the above, the expenses incurred in searching for missing goods, must be the reasonable expenses that would naturally be incurred for that purpose, such as cab-hire, messengers, and the like. The hotel expenses of the owner, while he remained in the town to which a parcel was addressed, looking for it, have been held to be irrecoverable. They were not the ordinary results of a parcel being mislaid, but the special results arising from the fact that the owner was on a journey to some other place (*m*).

Expenses incurred by delay of goods.

Horns v. Midland Railway Company (*n*) is an illustration of the limit to be put upon the rule, as stated above, that a fall in market value is recoverable as damage for breach of contract. There the plaintiffs were under a contract to deliver in London on the 3rd Feb., 1871, shoes for the use of the French army during the late war. The price was an unusually high one. They handed them over to the defendants for carriage, stating that they were under a contract to deliver by the 3rd, but not stating the special nature of the contract. The shoes were delayed, in consequence of which the purchasers refused to take delivery, and the contract was lost. The plaintiffs had to sell them at the ordinary market price. This price had not varied between the day at which they were due, and the day at which they were received, but it was below the special contract price, of which the defendants were ignorant. It was held that the

Loss of special contract not recoverable.

(*m*) *Woodger v. G. W. Ry. Co.*, L. R. 2 C. P. 318; 36 L. J. C. P. 177.

(*n*) L. R. 7 C. P. 583, affirmed, L. R. 8 C. P. 131; 41 L. J. C. P. 264, affirmed, 42 L. J. C. P. 59.

defendants were not liable for the difference between the ordinary market value of the shoes, and the particular contract price, they not having been informed of the special circumstances which led to the special loss. Whether they would have been so liable, even if such a communication had been made to them, was a further question, as to which this case will be referred to again.

Non-delivery
of telegram.

In one case (o) the plaintiffs had entrusted the defendant with a message in cypher, to be transmitted by telegraph to America. The message was never delivered, and the plaintiffs admittedly lost considerable profits which they would have made by the transaction to which the message related. It was held, however, that no more than nominal damages could be recovered. The message was unintelligible, and was intended to be unintelligible, to the defendant. It not only gave him no clue as to the special loss that might result from his negligence, but it gave him no reason to suppose that any loss at all would follow. For all he knew, it might have contained information that the sender was just married, or that his wife had had a baby. Consequently, damages could not be obtained under either the first or second portion of the rule in *Hadley v. Barendale*.

Where any
liability arises
from mere
communica-
tion of special
circum-
stances.

The third rule supposed to be laid down by Baron Alderson, viz., that where the special circumstances are known, or have been communicated to the person who ultimately breaks the contract, and where the damage complained of flows naturally from the breach of contract under those special circumstances, then such special damage must be supposed to have been contemplated by the parties to the contract, and is recoverable; — must be taken as being much more doubtful unless under very special limitations. It may be asked with great deference, whether the mere fact of such consequences being communicated to the other party will be sufficient, without going on to show that he was told that he would be held answerable for them, and consented to undertake such a liability? In all probability, if the carrier, in the case of *Hadley v. Barendale*, had been told that any delay in delivering the shaft would make him liable to pay the whole profits of the mill, he would

(o) *Sanders v. Stuart*, 1 C. P. D. 326; 45 L. J. C. P. 682.

have required an additional rate of recompense before facing such a responsibility. The question comes to this. The law says that every one who breaks a contract shall pay for its natural consequences, and in most cases states what those consequences are. Can the other party by merely acquainting him with a number of further consequences, which the law would not have implied, enlarge his responsibility to the full extent of all those consequences, without any contract to that effect? No doubt it may be said that it was in the power of the defendant to have expressly refused such responsibility. True. But ought not the onus of making a contract rather to lie on the party who seeks to extend the liability of another, than upon him who merely seeks to restrain his own within its original limits?

This reasoning would seem to apply with special force to cases such as that of a common carrier, where the defendant would certainly be unable to decline the duty which was thrust upon him, and might even be unable to exact any additional remuneration for performing it.

Cases of common carrier.

The case of *British Columbia Saw Mill Company v. Nettleship* (p), is important as bearing upon the point now suggested, that a mere communication of the consequences of a breach of the contract is not sufficient to enlarge the responsibility of the party to whom it is made. The plaintiffs delivered to the defendant for carriage to Vancouver's Island several cases of machinery intended for the erection of a saw mill. The defendant knew generally that the cases contained machinery. On the arrival of the vessel at her destination, one of the cases which contained parts of the machinery, without which the mill could not be erected, was missing. The plaintiffs were obliged to replace those parts from England at a cost, including freight, of 353*l.* 17*s.* 9*d.*, and with a delay of twelve months. A fair rate of hire of the machinery applied to the purposes for which it was required by the plaintiffs, would have been for twelve months 2,646*l.* 2*s.* 3*d.*, which amount the plaintiffs sought to recover. Their claim, however, to this sum was disposed of by the second branch of the rule in *Hadley v. Baxendale*, the defendant not having known that the case contained portions

British Columbia Saw Mill Co. v. Nettleship.

Willes, J.,
upon the en-
largement of
responsibility
by special
knowledge.

A special
contract is
required.

of the machinery which could not be replaced at Vancouver's Island, and without which the rest could not be put together. But Willes, J., discussed the effect of knowledge in the following terms:—"I am disposed to take the narrow view, that one of two contracting parties ought not to be allowed to obtain an advantage which he has not paid for. The conclusion at which we are invited to arrive would fix upon the ship-owner, beyond the value of the thing lost and the freight, the further liability to account to the intended mill-owners, in the event of a portion of the machinery not arriving at all, or arriving too late, through accident or his default, for the full profits they might have made by the use of the mill if the trade were successful and without a rival. If that had been presented to the mind of the ship-owner at the time of making the contract, as the basis upon which he was contracting, he would at once have rejected it. And, though he knew from the shippers the use they intended to make of the articles, it could not be contended that the mere fact of knowledge without more, would be a reason for imposing upon him a greater degree of liability than would otherwise have been cast upon him. To my mind, that leads to the inevitable conclusion that the mere fact of knowledge cannot increase the liability. The knowledge must be brought home to the party sought to be charged, under such circumstances that he must know that the person he contracts with reasonably believes that he accepts the contract with the special condition attached to it. Several circumstances occur to one's mind in this case to show that there was no such knowledge on the defendant's part which would warrant the conclusion contended for by the plaintiffs. In the first place, the carrier did not know that the whole of the machine would be useless if any portion of it failed to arrive, or what that particular part was. And that suggests another consideration. He did not know that the part which was lost could not be replaced without sending to England. And, applying what I have before suggested, if he did know this, he did not know it under such circumstances as could reasonably lead to the conclusion that it was contemplated at the time of the contract that he should be liable for all those consequences in the event of a breach. Knowledge on the part of the carrier is only important if it forms part of the

contract. It may be that the knowledge is acquired casually from a stranger, the person to whom the goods belong not knowing or caring whether he had such knowledge or not. Knowledge, in effect, can only be evidence of fraud, or of an understanding by both parties that the contract is based upon the circumstances which are communicated."

The Court considered the plaintiffs entitled to recover the sum necessarily expended in replacing the lost box of machinery, and the freight, and interest upon the amount for the time the plaintiffs were delayed, the interest being apparently given by way of compensation for the delay, upon the analogy of the practice of allowing interest in the case of non-payment of money.

In *Horne v. Midland Railway Company* (q), the facts of which have been already stated (r), Willes, J., after pointing out that the defendant had no notice of the special circumstances out of which the special damage had arisen, proceeded to say: "I go further. I adhere to what I said in *British Columbia Saw Mill Company v. Nettleship*, viz., that the knowledge must be brought home to the party sought to be charged, under such circumstances that he must know that the person he contracts with reasonably believes he accepts the contract with the special condition attached to it." And Keating, J., said, "I think, giving the fullest effect to *Hadley v. Baxendale*, and the rule there laid down, but which ought not to be extended, we cannot hold the defendants liable in respect of a loss resulting from an exceptional state of things which was not communicated to them at the time. There must, if it be sought to charge the carrier with consequences so onerous, be distinct evidence that he had notice of the facts, and assented to accept the contract on those terms."

Same view expressed in *Horne v. Midland Ry. Co.*

The same views were expressed even more strongly by some of the judges in the same case when it was affirmed on appeal. Kelly, C.B., said (s), "The goods with which we have to deal are not the subject of any express statutory enactment; the case with regard to them depends on the common law, taken in connection with the Acts relating to the defendants' railway

(q) L. R. 7 C. P. 583, 591; 41 L. J. C. P. 264.

(r) *Ante*, p. 29.

(s) L. R. 8 C. P. 136; 42 L. J. C. P. 59.

*Horne v. Mid-
land Ry. Co.*

Liability of
common
carrier.

company. Now it is clear, in the first place, that a railway company is bound, in general, to accept goods such as these, and carry them as directed to the place of delivery, and there deliver them. But now suppose that an intimation is made to the railway company, not merely that if the goods are not delivered by a certain date they will be thrown on the consignor's hands, but in express terms stating that they have entered into such and such a contract, and will lose so many pounds if they cannot fulfil it; what is then the position of the company? Are they the less bound to receive the goods? I apprehend not. If then they are bound to receive, and do so without more, what is the effect of the notice? Can it be to impose upon them a liability to damages of any amount, however large, in respect of goods which they have no option but to receive? I cannot find any authority for the proposition that the notice without more could have any such effect. It does not appear to me that the railway company has any power, such as was suggested, to decline to receive the goods after such a notice, unless an extraordinary rate of carriage be paid. Of course they may enter into a contract, if they will, to pay any amount of damages for non-performance of their contract, in consideration of an increased rate of carriage, if the consignors be willing to pay it; but in the absence of any such contract expressly entered into, there being no power on the part of the company to refuse to accept the goods, or to compel payment of an extraordinary rate of carriage by the consignor, it does not appear to me that any contract to be liable to more than the ordinary amount of damages can be implied from mere receipt of the goods after such a notice as before mentioned."

Lush, J.

Observations to the same effect were made by Martin, B., and Blackburn, J. Lush, J., said that he agreed "with the suggestion that the notice in such cases can have no effect except so far as it leads to the inference that a term has been imported into the contract making the defendant liable for the extraordinary damages." He differed, however, from the Chief Baron, in holding that the railway company might have demanded extraordinary remuneration for extraordinary risk. Upon the question of fact he thought that the company had received such notice as threw upon them the responsibility of

making further inquiries, and that not having done so, they must be taken to have accepted the goods to be carried on the terms that they were to be liable for the consequent loss if they were not delivered (t).

The same question was again discussed in *Elbinger Actien-Gesellschaft v. Armstrong* (u); where the defendant agreed to supply the plaintiff with 666 sets of wheels and axles, to be delivered at fixed intervals in February, March, and April, free on board at Hull. The plaintiffs were under a contract to deliver to a Russian railway company 1,000 waggons, half on 1st May, 1872, and the rest on 31st May, 1873, and they were bound to pay two roubles per waggon for each day's delay in delivery. In the course of the negotiations between the plaintiffs and defendant, the defendant was informed of this contract, but neither the precise day for the delivery nor the amount of the penalties was mentioned. The wheels were delayed, in consequence of which the plaintiffs became liable to the penalties, but the Russian company agreed to take one rouble per day, amounting in all to 100/. It was contended, on the one hand, that the defendant was only liable to nominal damages. On the other hand, that he was liable, as a matter of law, to the exact amount of penalties which the plaintiffs had been compelled to pay for breach of their contract with the Russian company. The first view was at once negatived by the Court. They said, "It is obvious that both parties contemplated that the wheels and axles were to be put into immediate use. Under such circumstances, the natural and almost inevitable consequence of a delay in delivering a set of wheels would be that the plaintiffs, if they meant the waggon for their own use, or that their customers, if the waggon was bespoke, would be deprived of the use of a waggon for a period equal to that for which the set of wheels was delayed. At all events the plaintiffs were entitled to recover at a rate equal to whatever the jury should find to be reasonable compensation for the loss of the use of the waggon: see *Cory v. Thames Ironworks Company* (x). We think, therefore, it would have been

Same question in *Elbinger Actien-Gesellschaft v. Armstrong*.

(t) L. R. 8 C. P. 139—141, 145.

(u) L. R. 9 Q. B. 473; 43 L. J. Q. B. 211, followed *Grébert Borgnis v. Nugent*, 15 Q. B. D. 85; 54 L. J. Q. B. 511; *post* p. 39.

(x) L. R. 3 Q. B. 181; 37 L. J. Q. B. 68.

*Elbinger
Actien-
Gesellschaft
v. Armstrong.*

a misdirection if the jury had been directed to find no more than nominal damages.

"We have had more difficulty in determining whether the plaintiffs are entitled to keep the verdict for the amount as it stands (100*l.* 13*s.*). If we thought that this amount could only be come at by laying down as a proposition of law that the plaintiffs were entitled to recover the penalties actually paid to the Russian company, we should pause before we allowed the verdict to stand." The Court then referred to the judgment in *Hadley v. Bazendale*, saying, "So far as the case decides that the defendant is not liable for any unusual consequences, arising from circumstances of which he has not notice, the case has often been acted upon. But an inference has been drawn from the language of the judgment, that whenever there has been notice at the time of the contract that some unusual consequence is likely to ensue if the contract is broken, the damages must include that consequence, but this is not, as yet, at least, established law." Their Lordships then quoted the passage which will be found in the text (y), ending with the sentences, "The law says that everyone who breaks a contract, shall pay for its natural consequences; and in most cases states what these consequences are. Can the other party, by merely acquainting him with a number of further consequences, which the law would not have implied, enlarge his responsibility to the full extent of all those consequences, without any contract to that effect?" Upon this they said, "We are not aware of any case in which *Hadley v. Bazendale* has been acted upon in such a way as to afford an answer to the learned author's doubts; and in *Horne v. Midland Railway Company* (z), much that fell from the Judges in the Exchequer Chamber tends to confirm those doubts."

It was unnecessary to decide the point, however, as the Court held that the jury might fairly have given general damages to the amount of 100*l.* 13*s.* without any reference to the penalties actually incurred.

*Simpson v.
L. & N. W.
Ry. Co.*

The first case subsequent to the above decisions in which the same point seemed to arise, was the case of *Simpson v.*

(y) *Ante*, p. 31.

(z) L. R. 8 C. P. 131; 42 L. J. C. P. 59.

London and North Western Railway Company (a). There the plaintiff was a manufacturer of cattle food, who was in the habit of sending samples of his goods to cattle shows, with a show-tent and banners, and attending there himself to attract custom. He intended to exhibit some of these samples at the Newcastle show, and delivered them for transmission to the defendants. The contract was made with the defendants' agent at a cattle show at Bedford, where the plaintiff had been exhibiting his samples, and where the defendants had an agent and office on the show-ground, for the purpose of seeking traffic. The evidence as to the terms of the contract was, that a consignment note was filled up by the plaintiff's son, consigning the goods as "boxes of sundries" to "Simpson & Co., the show-ground, Newcastle-on-Tyne," and that he endorsed the note "must be at Newcastle on Monday, certain," meaning the next Monday, the 20th July. Nothing was expressly said as to the plaintiff's intention to exhibit the goods at Newcastle, nor as to the goods being samples. They did not arrive till several days after time, and when the show was over. It was proved that the plaintiff obtained custom by exhibiting his samples at shows, but no evidence was given as to his prospects with regard to the Newcastle show in particular. A verdict by consent was entered for 20/., beyond a sum which had been paid in, with leave to move to enter the verdict for the defendants, if the Court should be of opinion that the plaintiff was not entitled to recover for either loss of time in waiting for the goods, or loss of profits. It was held the plaintiff was entitled to his verdict. Cockburn, C.J., said :—"The law, as is to be found in the reported cases, has fluctuated ; but the principle is now settled that, whenever either the object of the sender is specially brought to the notice of the carrier, or circumstances are known to the carrier from which the object ought in reason to be inferred, so that the object may be taken to have been within the contemplation of both parties, damages may be recovered for the natural consequences of the failure of that object. The plaintiff in the present case is in the habit of going about the country exhibiting his cattle spice at shows, to attract purchasers. The defendants had an

Cockburn,
C. J.

(a) 1 Q. B. D. 274 ; 45 L. J. Q. B. 182.

agent on the ground at the Bedford Agricultural Show, where this contract was made, for the purpose of drawing custom to their line ; and their agent must have known that the plaintiff had been exhibiting these goods, and that they were being sent to Newcastle for the same purpose. I therefore cannot doubt that there was in this case common knowledge of the object in view. As to the supposed impossibility of ascertaining the damages, I think there is no such impossibility ; as to some extent, no doubt, they must be matters of speculation, but that is no reason for not awarding any damages at all."

It seems to me, however, that there is nothing whatever, in either the decision or the judgment, which raised the point now under discussion. Indeed, notwithstanding some expressions in the judgment, it appears that the case really came under the first rule in *Hadley v. Baxendale*, and not under the third. Goods are consigned with a contract that they are to be delivered at a particular place, on a particular day. The contract is broken. What are the damages ? They are the damages naturally arising from the non-arrival of the particular sort of goods. The evidence as to knowledge simply went to show that the defendants knew what sort of goods they were. A carrier will be liable to different damages according as he delays a basket of fish or a basket of coals, for the simple reason that delay frustrates the object of sending the fish, but not that of sending the coals. Here the plaintiff claimed no special damages, but merely general damages for the failure of his object in sending the goods. The question would really have arisen if he had shown that a customer was waiting at Newcastle, who would have made a heavy contract with him, which he lost by the non-arrival of his samples, and that he had thereby lost 1,000*l.*, which he sought to recover. Any such claim would, as I humbly conceive, have failed, whatever knowledge the defendants had of the object for which the samples were being sent (*b*).

A later case, which seems of exactly the same character, is that of *Hydraulic Engineering Co. v. McHaffie* (*c*). There the

(*b*) Merely labelling a box "Traveller's goods, deliver immediately," was held insufficient to make particular damages recoverable. *Candy v. Midland Ry. Co.*, 38 L. T. N. S. 226.

(*c*) 4 Q. B. D. 670.

plaintiff was negotiating with Justice for the supply by the plaintiff to Justice of a particular machine. Part of it, called "the gun," required to be made by a special artist. Justice introduced the plaintiff to the defendant as a person capable of making it, and the latter undertook the task. The defendant was informed that Justice wanted the entire machine, of which the gun was a necessary part, by the end of August, and, according to his own account, he agreed to make it as soon as possible. Under circumstances which were held to amount to a breach of contract, he failed to deliver the gun to the plaintiff till the end of September, and Justice refused to take the machine when finished. The plaintiff was held entitled not only to all the costs incurred in making the machine, which was now useless, but also to the loss of the profit which he would have derived from his contract with Justice. Here it is obvious that this profit was the whole aim and object of the contract with the defendant, and that the loss of it was not only the natural, but almost the necessary result of his breach of contract. It may not be correct to say that the defendant contemplated a loss of profits by the plaintiff, if he could not deliver the machine in proper time to Justice. What he did contemplate was, that the contract was made with himself in order to enable the plaintiff to earn certain profits from Justice. He was, therefore, properly liable to make good to the plaintiff those profits which, by his own breach of contract he had put it out of the other's power to earn.

The decision in *Elbinger Actien-Gesellschaft v. Armstrong* (d), was affirmed and followed in the more recent case of *Grébert Borgnis v. Nugent* (e). There the plaintiff had contracted with the defendants for 243 sheepskins of specified sizes and prices, to be supplied to him at certain definite periods. The defendants were informed that the plaintiff's object in purchasing the goods was to resell them to a firm in Paris. As soon as the plaintiff had effected his contract with the defendants, he proceeded to make his bargain with the French firm, and thereby agreed to supply them with precisely the same number

(d) L. E. 9 Q. B. 473; 43 L. J. Q. B. 211; *ante*, p. 35.

(e) 15 Q. B. D. 85; 54 L. J. Q. B. 511; *Hamilton v. Magill*, 12 Ir. L. Rep. C. L. 186.

and quality of skins, at periods corresponding to those at which he expected to receive them from the defendants, and at a profit of five francs per skin. The defendants delivered forty-two skins only, and broke their contract as to the remainder. There was no market for the skins, which could only be procured by orders delivered some time in advance. The French firm sued the plaintiff in Paris and recovered judgment against him for 28*l*. He then sued the defendants for 34*l*., the loss of profit which he would have obtained if he had been able to carry out the sub-contract, and for 28*l*., the amount of judgment. The plaintiff's right to the 34*l*. was not disputed. As to it, Brett, M.R., said (p. 89): "there was no market for these goods. If there had been a market for them, what the plaintiff would have been bound to do would have been to go into the market and buy the goods, and so supply his French customer; and if the market price was above the contract price, he would get the difference from the defendants. There was no market, therefore the first head of damage is perfectly clear; he lost the profit of five francs per skin which he would otherwise have made."

As regards the 28*l*., it was held that the plaintiff was entitled to recover from the defendants some damages for the result which they must have contemplated, that their breach of contract with him would expose him to proceedings from the Paris firm; and that the amount awarded against him in Paris might reasonably, though not as a matter of necessary law, be taken as a mode of fixing the amount of such damages. Brett, M.R., laid down the law as resulting from the decisions upon *Hadley v. Baxendale* as establishing this proposition. "Where a plaintiff, under such circumstances as the present, is seeking to recover for some liability which he has incurred, under a contract made by him with a third person, he must shew that the defendant, at the time he made his contract with the plaintiff, knew of that contract, and contracted on the terms of being liable if he forced the plaintiff to a breach of that contract." When he was specifically informed of the contract, it would be a fair inference of fact that he contracted with the plaintiff upon the terms, that if he broke his contract he would be liable for all the consequences of a failure by the plaintiff to perform his sub-contract. Those consequences,

however, would be the ordinary and natural consequences in which the plaintiff would be involved by reason of the failure, and not the consequences arising from special and unusual conditions contained in the sub-contract, of which the defendant had no notice. In the case under discussion the defendants must have known, that if they made default in their supply, the plaintiff could not buy in the market so as to satisfy his contract: therefore that he would be sued by his sub-contractor, who would recover some damages against him, and that the damages recovered, so far as they were reasonable and proper damages, ought to be repaid to the plaintiff. The result was that the plaintiff was put in exactly the same position as if the defendants had enabled him to carry out his contract: 347. represented the profits which he would have made by its performance; 287. relieved him from the damages for its breach (f).

In the present state of the authorities, therefore, I would suggest, that in place of the third rule supposed to be laid down by *Hadley v. Baxendale*, the law may perhaps be as follows:—

Rules suggested in place of third rule.

"First.—Where there are special circumstances connected with a contract, which may cause special damage to follow if it is broken, mere notice of such special circumstance given to one party will not render him liable for the special damage, unless it can be inferred from the whole transaction that he consented to become liable for such special damage.

"Secondly.—Where a person who has knowledge or notice of such special circumstances might refuse to enter into the contract at all, or might demand a higher remuneration for entering into it, the fact that he accepts the contract without requiring any higher rate will be evidence, though not conclusive evidence, from which it may be inferred that he has accepted the additional risk in case of breach.

"Thirdly.—Where the defendant has no option of refusing the contract, and is not at liberty to require a higher rate of remuneration, the fact that he proceeded in the contract after knowledge or notice of such special circumstances is not a fact from which an undertaking to incur a liability for special damages can be inferred.

(f) See to the same effect *Ebbetts v. Conquest*, [1895] 2 Ch. 377, at pp. 383, 384, 387.

"Fourthly.—Even if there were an express contract by the defendant to pay for special damages, under the circumstances last supposed, it might be questioned whether such a contract would not be void for want of consideration. Take the case of a railway passenger who buys his ticket, informing the clerk of some particular loss that would arise upon his being late. Suppose the clerk were to undertake that the company should be answerable for the loss, and that such an undertaking should be held to be within the sphere of his duty. Would it not be purely gratuitous? The consideration for any promise by the company, arising from the payment of the fare, would be exhausted by their carrying the passenger to his destination, or paying the ordinary damages for failure to do so. What would there be left to support the special undertaking to pay an exceptional penalty? (g) Of course it would be different if a special payment were made by way of premium for incurring the increased risk."

Principle
suggested in
Fletcher v.
Tayleur.

In the case of *Fletcher v. Tayleur*, what was supposed to be a new principle as to the assessment of damages was thrown out by Jervis, C.J., and Willes, J. The latter said, "It certainly is very desirable that these matters should be based upon certain and intelligent principles, and that the measure of damages for the breach of a contract for the delivery of a chattel should be governed by a similar rule to that which prevails in the case of a breach of contract for the payment of money. No matter what the amount of inconvenience sustained by the plaintiff, in the case of non-payment of money, the measure of damages is the interest of the money only; it might be a convenient rule if, as suggested by my lord, the measure of damages in such a case as this was held, by analogy, to be the average profit made by the use of such a chattel" (h).

Cases in
which the
principle
would apply.

Such a rule, however, would only apply to the case of articles whose profit consisted in their use, and would be totally inapplicable to the great majority of cases. Where it did apply, it would simply be a particular application of the rule in *Hadley v. Baxendale*, as to the natural result of the

(g) See Cases, 1 Sm. L. C. 147, 10th ed.

(h) 17 C. B. 29; 25 L. J. C. P. 66; *ante*, p. 18.

breach of contract. It was upon this very principle that damages were assessed in *Cory v. Thames Ironworks Company* (i). So in the case of the *Cambrian Steam Packet Company*, where delivery of a vessel had been delayed, the Vice-Chancellor, following the last-named case, awarded as damages the net profit which the company might have obtained by chartering the vessel if she had been delivered at the time contracted for (j). And on appeal the Lord Chancellor said, "That as to the measure of damages he had proceeded on the principle that if a profit would arise from a chattel, and it is left with a tradesman for repair, and detained by him beyond the stipulated time, the measure of damages is *prima facie* the sum which would have been earned in the ordinary course of employment of the chattel in the time" (k).

The rule as to profits, as limited by Willes, J., and the Chancellor, would probably exclude all special and exceptional profits derivable from the use of the particular chattel, but it would leave open the same question which arose in *Hadley v. Baxendale*. Where the chattel was itself only part of something else which was rendered useless for want of it, should the profits of the entire chattel be recovered? If a vessel were delayed in port for want of a bowsprit, should a loss of freight, to the amount, perhaps, of thousands of pounds, be obtained in damages? To this question no answer is supplied by the rule above suggested.

With the single exception of actions for breach of promise of marriage, I am not aware of any cases in which it has been held in England that the motives or conduct of a party breaking a contract, or any injurious circumstances not flowing from the breach itself, could be considered in damages where the action is on the contract. It frequently happens that circumstances of malice, fraud, or violence give rise to an action of tort as an alternative remedy; but where the plaintiff chooses to sue upon the contract, he lets in all the consequences of that form of action (l). It has been held,

(i) L. R. 8 Q. B. 181; 37 L. J. Q. B. 63; *ante*, p. 31.

(j) *Ex parte Cambrian Steam Packet Co.*, L. R. 6 Eq. 396, 408; 37 L. J. Ch. at p. 690.

(k) L. R. 4 Ch. 117, *per* Lord Cairns, C.

(l) *Thorpe v. Thorpe*, 3 B. & Ad. 580.

Would
exclude
exceptional
profits.

Question
whether
motive can be
a ground of
damage in
actions on
contract?

indeed, in an action for money had and received, by assignees in bankruptcy, for the proceeds of a bill lodged with the defendants by the bankrupt in order to be discounted, that evidence of a fraudulent appropriation of it before bankruptcy would preclude their set-off (*m*). But here the evidence went, not to increase the damages, but to show that the counter claim was not a case of mutual credit within the statute (*n*). In America, however, the contrary doctrine has been laid down in the State of South Carolina, but is strongly combated by Mr. Sedgwick (*o*).

Failure to
make out title
on sale of
land.

So it was considered at one time, where the vendor of real estate had failed to make out a good title, and was sued for breach of his contract to sell, that he would be liable to higher damages if he had fraudulently or knowingly represented that he had a good title, than if he had been in ignorance of its defects. But this doctrine, after being frequently doubted, has now been finally overruled. The fraud may give a cause of action for deceit. But as long as the plaintiff chooses to sue for breach of contract, he cannot, by establishing misconduct on the part of the defendant, alter the rule by which damages for breach of contract are to be assessed (*p*).

Rule of
damages in
actions of
tort.

Actions of tort, as we have observed before, are governed by far looser principles. Even here, however, in many cases, the measure of damages is as accurately ascertainable as in actions on a contract. Torts are divisible into three classes: injuries to the property, person, or character. Those of the former class may be mingled with ingredients which will enhance the damages to any amount. For instance, a man's goods may be seized under circumstances which involve a charge of a criminal nature (*g*); or a trespass upon land may be attended with wanton insult to the owner (*r*). Any species of aggravation will of course give ground for additional damages. In general, however, injuries to property, when unattended by

(*m*) *Buchanan v. Findlay*, 9 B. & C. 738.

(*n*) *Per Parke, B.*, 3 B. & Ad. 585.

(*o*) *Sedg. Dam.*, 7th ed.; p. 443 *et seq.*, s. 603, 8th ed.

(*p*) *Per Blackburn, J.*, *Sikes v. Wild*, 1 B. & S. at p. 594; 30 L. J. Q. B. at p. 330; *per Cockburn, C. J.*, *Engel v. Fitch*, L. R. 3 Q. B. p. 327; *per Lord Chelmsford*, *Bain v. Fothergill*, L. R. 7 H. L. p. 206.

(*q*) *Bracegirdle v. Orford*, 2 M. & S. 77.

(*r*) *Merest v. Harvey*, 5 Taunt. 442.

circumstances of this sort, and especially when they take place under a fancied right, are only visited with damages proportioned to the actual pecuniary loss sustained. On the other hand, where the person or character is injured, it is difficult, if not quite impossible, to fix any limit, and the verdict is generally a resultant of the opposing forces of the counsel on either side, tempered by such moderating remarks as the judge may think the occasion requires. It must not be supposed, however, that even cases of this sort are quite beyond rule. If it were so, there could be no such thing as new trials for excessive damages. The difference is, that in cases of contract, and in some cases of tort to the property, a rule can be applied to the facts so accurately as to make the amount a mere matter of calculation. In the other class of offences, the rule goes no further than to point out what evidence may be admitted, and what grounds of complaint may be allowed for. But when this is done the amount of damages is entirely in the disposition of the jury. A new trial will only be granted when the verdict is so large as to satisfy the Court that it was perverse and the result of gross error; and to prove that the jury have acted under the influence of undue motives or misconception (s).

One marked distinction between actions of contract and tort is, that in the former, as we have seen, evidence of malicious motive is not admissible, in the latter it is (t). There are indeed some observations of Pollock, C.B., in a later case (u), where he expressed a doubt whether the motive of the defendant had any bearing upon the matter, and said that the plaintiff was only entitled to compensation in proportion to the injury he had received. It was not necessary, however, to decide the point in the particular case, which merely established that in an action against two, the motive of one cannot be matter of aggravation against the other (x). It is

Motive admissible as an element in assessing damages.

(s) *Gough v. Farr*, 1 Y. & J. 477; *Præd v. Graham*, 24 Q. B. D. 53; 59 L. J. Q. B. 230.

(t) *Sears v. Lyons*, 2 Stark. 317; *Pearson v. Lemaitre*, 5 M. & G. 700; *Warwick v. Foulkes*, 12 M. & W. 507; per Pollock, C. B., 13 M. & W. 51.

(u) *Clark v. Newsam*, 1 Ex. 131, 139.

(x) Nor ought the motive of an agent to be matter of aggravation against the principal. *Carmichael v. Waterford & Limerick Ry. Co.*, 13 Ir. L. R. 313.

conceived that the practice against which the dictum in question was directed, is too firmly settled, both by reason and precedent, to be overthrown; in fact, it could not be overthrown without destroying at the same time that large class of actions in which malice is the whole gist of the offence. Where a party has been arrested, sued, or prosecuted without cause, the injury is clearly the same to him, whether the act be malicious or not. Yet, unless malice be not only alleged but proved, an action for the arrest, &c., will not be maintainable (*y*). If then malice can render an innocent act wrongful, *a fortiori*, it must render a wrongful act more wrongful, and therefore be provable in aggravation of damages.

Whether damages are a compensation or a punishment.

This seems to decide an important question, viz., whether damages are a compensation or a punishment. In cases of contract, as we have seen, they are only a compensation, and frequently a very inadequate one. In cases of tort to the property, where there are no circumstances of aggravation, they are generally the same, as will be seen hereafter (*z*). Where the injury is to the person, or character, or feelings, and the facts disclose fraud, malice, violence, cruelty, or the like, they operate as a punishment, for the benefit of the community, and as restraint to the transgressor.

Inquiry whether damages in cases of tort are a compensation or a penalty?

It must be admitted that many expressions are to be found in which judges have directed juries merely to give a compensation to the plaintiff. In one instance, Alderson, B., refused in an action of crim. con. to allow evidence of the defendant's property with a view to increased damages, saying that it was not a question in the cause (*a*). As a matter of practice there is no doubt that juries always measured their damages in such cases by the condition of the defendant; and the practice was expressly sanctioned by the authority of Buller, J. (*b*), who said that in crim. con. the condition of the defendant, and his being a man of substance, were proper circumstances of aggravation. This would have been absurd

(*y*) *Reynolds v. Kennedy*, 1 Wils. 233; *De Medina v. Grore*, 10 Q. B. 152.

(*z*) See *post*, c. xiii.

(*a*) *James v. Biddington*, 6 C. & P. 590. This is now the established rule, see *post*. Adultery, c. xv.

(*b*) B. N. P. 27.

if damages were only a payment for an injury ; but if they were a penalty for a wrong, it would be quite just, because the penalty must be proportioned to the means of the offender. So the numberless cases in which damages, totally disproportioned to the actual harm inflicted, have been given and sanctioned where the act was of a grossly unconstitutional nature, or attended with studied insult (*c*), can only be accounted for on the same principle : accordingly we find Wilmot, C.J., saying in a case of seduction : “ Actions of this sort are brought for example’s sake ; and although the plaintiff’s loss in this case may not really amount to the value of 20*s.*, yet the jury have done right in giving liberal damages ” (*d*). And the same doctrine that damages may in such cases be inflicted “ for example’s sake, and by way of punishing the defendant,” has been repeatedly laid down in America, and is sanctioned by the high authority of Kent, C.J., and Story, J. (*e*). In fact, if any other rule existed, a man of large fortune might, by a certain outlay, purchase the right of being a public tormentor. He might copy the example of the young Roman noble mentioned by Gibbon, who used to run along the Forum striking every one he met upon the cheek, while a slave followed with a purse, making a legal tender of the statutory shilling.

II. Having examined the principles by which the assessment of damages is governed, we have next to inquire, what grounds of damage will in no case be admissible. These grounds may be classed under the general head of remoteness. Damage is said to be remote, when, although arising out of the cause of

Damage must not be too remote.

(*c*) See various instances, *post*, c. xx.

(*d*) *Tullidge v. Wade*, 3 Wils. 18. Where a railway company had obstructed a siding belonging to an adjoining landowner with a high hand, and in violation of his rights under an Act of Parliament, Willes, J., and Byles, J., were of opinion that exemplary damages might justly be given ; the latter saying, “ Where a wrongful act is accompanied by words of contumely and abuse, the jury are warranted in taking that into consideration, and giving retributory damages.” *Bell v. Midland Ry. Co.*, 10 C. B. N. S. 287, see at p. 308 ; 30 L. J. C. P. 273. And liberal damages were allowed to be given against one who negligently and recklessly pulled down buildings on his own land, so as to injure his neighbour, with a view to make him give up possession. *Emblen v. Myers*, 6 H. & N. 64 ; 30 L. J. Ex. 71.

(*e*) Sedg. Dam. vol. 2, pp. 209—217, where the decisions are cited ; vol. 2, p. 335 *et seq.*, 7th ed. ; s. 350, 8th ed.

action, it does not so immediately and necessarily flow from it, as that the offending party can be made responsible for it (*f*).

In pursuing this investigation several decisions will be cited which may, at first sight, appear not strictly in point. I refer to that class of cases in which special damage is necessary for the maintenance of the action, and in which the contest has been as to its sufficiency for that purpose. It is clear, however, that any circumstances of injury to the plaintiff which are so closely identified with the conduct of the defendant, as to make it actionable where it would otherwise be innocent, must, *a fortiori*, be capable of being taken into consideration in estimating the amount of damage his conduct has produced. The converse of the proposition may not always be logically correct. In general, however, it will be found that where damage is too remote to form the ground of an action, the reason of the decision would equally exclude it from consideration, though the suit were maintainable on other grounds.

General principle.

The first, and in fact the only inquiry, in all these cases is whether the damage complained of is the natural and reasonable result of the defendant's act; it will assume this character if it can be shown to be such a consequence as, in the ordinary course of things, would flow from the act, or in cases of contract, if it appears to have been contemplated by both parties (*g*). Where neither of these elements exists, the damage is said to be too remote.

Damage must be the immediate result of the act complained of.

The above rule has been frequently adopted by the Courts (*h*),

(*f*) The question of remoteness is for the judge and ought never to be left to the jury. *Hobbs v. L. & S. W. Ry.*, L. R. 10 Q. B. at p. 122, *per* Blackburn, J. See also *per* Lord Esher, M. R., in *Hammond v. Bussery*, 20 Q. B. D. at p. 89; 57 L. J. Q. B. 58.

(*g*) *Hadley v. Baxendale*, 9 Ex. 341; 23 L. J. Ex. 179. See *ante*, p. 11.

(*h*) In *Hoey v. Felton*, 11 C. B. N. S. 142; 31 L. J. C. P. 105; Erle, C.J.; and in *Williams v. Reynolds*, 6 B. & S. 495; 34 L. J. Q. B. 221, Crompton, J., adopted the passage in the text. In the *Notting Hill*, 9 P. D. p. 114; 53 L. J. P. D. & A. 56, Brett, M.R., said that, upon the question of remoteness of damage, there is no distinction between actions upon contract and those not upon contract. See *per* Bowen, L.J., in *Cobb v. G. W. Ry. Co.*, [1893] 1 Q. B. at p. 464; 62 L. J. Q. B. 335. The same rule applies in the Admiralty Courts as in the Courts of Common Law. *The Argentino*, 13 P. D. 191; *per* Lord Esher, at p. 195; and on appeal, 14 A. C., at p. 522; *per* Lord Herschell, 57 L. J. P. D. & A. 25. *The City of Lincoln*, L. R. 15 P. D., *per* Lindley, L.J., at p. 18. See also as to the rule in actions for wrongful acts, *In re L. T. & S. Ry. Co. & Trustees of Governors' Walk Schools*, 24 Q. B. D., at p. 329; 59 L. J. Q. B.,

but it must be admitted, in the language of one of our judges, that it is a vague rule, and something like having to draw a line between night and day; there is a great duration of twilight, when it is neither night nor day (*). Every cause leads to an infinite sequence of effects. But the author of the initial cause cannot be made responsible for all the effects in the series. In a case where a passenger, who had been set down with his wife at a wrong station, sought to recover from the railway company damages for a cold which his wife had caught by walking in the rain at night, Cockburn, C.J., said: "You must have something immediately flowing out of the breach of contract complained of, something immediately connected with it, and not merely connected with it through a series of causes intervening between the immediate consequence of the breach of contract and the damage or injury complained of (†). To illustrate that, I cannot take a better case than the one now before us. Suppose that a passenger is put out at a wrong station on a wet night, and obliged to walk a considerable distance in the rain, catching a violent cold, which ends in a fever, and the passenger is laid up for a couple of months, and loses, through his illness, the offer of an appointment which would have brought him a handsome salary. No one, I think, who understood the law, would say that the loss so occasioned is so connected with the breach of contract as that the carrier breaking the contract would be liable. Here it cannot be said the catching cold by the plaintiff's wife is the immediate and necessary effect of the breach of contract, or was one which could fairly be said to have been in the contemplation of the parties. The wife's cold and its consequences cannot stand

p. 162: *Victorian R. P. Comm. v. Coulter*, 13 A. C., at p. 225; 57 L. J. P. C. 69; *The Argentine*, 14 A. C., at p. 523; 57 L. J. P. D. & A. 25. And see *Hubbs v. L. & S. W. Ry. Co.*, L. R. 10 Q. B. 111.

(*) *Per* Blackburn, J., L. R. 10 Q. B. 121.

(†) See Lord Bacon's maxim:—"It were infinite for the law to judge the cause of causes, and their impulses one of another; therefore it contenteth itself with the immediate cause, and judgeth of acts by that, without looking to any further degree." *Bac. Max. Reg. 1*, cited by Blackburn, J., in stating the rule of our law to be that the immediate cause, the *causa proxima*, and not the remote cause, is to be looked at. *Saunders v. L. & Y. Ry. Co.*, L. R. 9 Q. B., at p. 267; 43 L. J. Q. B., at p. 71; and *per* Lord Penzance, 2 App. Ca. p. 297. See also *per* Blackburn, J., *Dudgeon v. Pembroke*, L. R. 9 Q. B., at p. 595; 42 L. J. Q. B., at p. 226. *Per* Lord Selborne, L. C., *Grant v. Coverdale*, 9 App. Ca. p. 476.

upon the same footing as the personal inconvenience arising from the additional distance which the plaintiffs had to go. It is an effect of the breach of contract in a certain sense, but removed one stage; it is not the primary, but the secondary consequence of it." The Chief Justice proceeded to put the cases of a passenger who, from not being carried to his proper destination, walks in a dark night and falls down; or takes a carriage and is upset, suffering bodily injury, and added: "In either of those cases the injury is too remote, and I think that it is the case here; it is not the necessary consequence, it is not even the probable consequence of a person being put down at an improper place and having to walk home, that he should sustain either personal injury or catch a cold. That cannot be said to be within the contemplation of the parties so as to entitle the plaintiff to recover, and to make the defendants liable to pay damages for the consequences" (l).

Negligence
causing
personal
injury.

Of course the decision in the above case would have been different, if, instead of putting the plaintiff down safely at the wrong place, the railway company had by their negligence caused any personal injury to him. In such an event not only the immediate pain and expense caused by the accident, but any "consequent incapacity to attend to business, would be a natural consequence of the breach of contract, and not too remote, or one which the defendants could say that they did not contemplate" (m). But if by the plaintiff's illness he had lost a valuable appointment, that, I imagine, would again have been too remote to be a ground of damage (n). Such a loss

(l) *Hobbs v. L. & S. W. Ry. Co.*, L. R. 10 Q. B. 111, 117; 44 L. J. Q. B. 49. In *McMahon v. Field*, 7 Q. B. D. 591, *ante*, p. 22, this decision was treated with some discredit. Both cases were decided on exactly the same principles, though in each case there might easily be a difference of opinion as to whether the actual loss suffered was a probable consequence of the breach of contract. It is not a natural consequence of the negligence of a railway company in allowing their carriages to be overcrowded, that one of the passengers should be assaulted or robbed. *Pounder v. N. E. Ry. Co.*, [1892] 1 Q. B. 385; 61 L. J. Q. B. 136; *bbb v. G. W. Ry. Co.*, [1893] 1 Q. B. 459; 62 L. J. Q. B. 335; affirmed, [1894] A. C. 419; 63 L. J. Q. B. 629. See a case in which the directors of a company had issued balance-sheets in which the assets of the company were overvalued, and it was held that the damages arising from the continuance of the business were too remote. *Kingston Cotton Mill Co.*, [1896] 1 Ch. 331, p. 349.

(m) *Bradshaw v. L. & Y. Ry. Co.*, L. R. 10 C. P. 185, 195; 44 L. J. C. P. 148. See *per Martin, B.*, L. R. 1 Ex. 184; 35 L. J. Ex. 100.

(n) See *Hory v. Felton*, 11 C. B. N. S. 142; 31 L. J. C. P. 105.

results from a circumstance peculiar to the individual, and therefore beyond the range of ordinary consequences. Probably this was the ground of the ruling in *Victorian Railways Commissioners v. Coultar* (o). There the defendants had negligently allowed some persons, one of whom was a lady, the plaintiff, to drive over a level crossing, by which they were nearly run over by a passing train. No actual harm happened, but the fright caused a mental shock to the lady, producing delicate health and impaired memory and eyesight, which were stated as the ground of damage. The Privy Council declined to say whether actual impact was necessary, but held that damages resulting from mere sudden terror unaccompanied by any actual physical injury, but occasioning a nervous or mental shock, could not be considered the natural consequence of the negligence complained of. In the particular case there were other members of the party who were exposed to the same fright, but suffered no further harm. If the plaintiff had been subject to heart disease and died from fright, this would not have been a natural consequence of the defendants' act.

Results of
fright.

This case was cited but not followed in a more recent case in Ireland. There, through the negligent act of the defendants' servants, a train was divided on an incline. The rear part of the train was allowed to run back down the incline, and then the forward part with the engine was started back to follow it. This part, in which the plaintiff, a lady, was seated, proceeded at a high speed till it was stopped with a violent jerk. It appeared that the plaintiff was greatly frightened by the occurrence, and suffered from nervous shock in consequence of the fright. She was incapacitated from following her usual occupations, and the medical witnesses were of opinion that her symptoms might result in paralysis. The judge told the jury that they might award damages, if they were of opinion that the injuries suffered were the natural result of the fright, and that the degree of fright experienced was the natural result of the circumstances brought about by the defendants' act. This direction was supported on appeal (p). The Court appear to have thought that their decision was inconsistent with that of

(o) 13 App. Ca. 222; 57 L. J. P. C. 69.

(p) *Bell v. G. N. Ry. Co.*, 26 Ir. L. Rep. C. L. 428.

the Victorian Railways. The two cases may, however, very well stand together. It is evident that the railway company in the second case had contracted to carry the plaintiff carefully towards her destination, and that they had broken their contract by starting her violently down hill in the wrong direction, and thereby frightening her and shaking her up. The injury to her system was that which is familiarly known as "railway shock," and was the immediate result of the wrong complained of. In the former case the railway company had entered into no contract with the plaintiff, and had never been in charge of her person, nor had directly affected it in any way. It does not appear how the jury was directed by the judge. If the jury had been asked whether such injuries as the plaintiff suffered were the natural result of finding herself in alarming proximity to a passing train, they might probably have answered in the negative.

Both these decisions were discussed in a case before Wright, J. (*q*), where the defendant, by way of a practical joke, had falsely informed a married lady that her husband had just had his leg broken by an accident. It was admitted that he had intended her to believe his statement. It was held that the damages would include, not only the costs to which the lady was put in sending to see after her husband, but a sum of 100*l.* for a serious illness which followed from a shock to her nervous system. In this case there was a direct wrongful act done to the plaintiff, with the intention of producing some painful effect on her mind, and the Court considered that the actual result was neither too remote nor an unnatural consequence of the act done and intended.

Results of
accident.

The same question has arisen in insurance cases, where it is disputed whether the loss complained of has arisen from the accident insured against. A railway passenger was insured against "death from the effects of injury caused by accident." The accident was a fall which dislocated his shoulder. He died of pneumonia caused by cold. It was found as a fact "that his catching cold and the fatal effects of the cold were both due to the condition of health to which he was reduced by the accident." It was held that his death came within the

terms of the policy. Wills, J., said :—" Had the issue been submitted to a jury, I think that the proper direction would have been, ' Do you think that the circumstances leading up to the death, including the cold which caused the pneumonia, were the reasonable and natural consequences of the injury, and of the conditions under which the assured had to live in consequence of the injury ? ' If you find that no foreign cause intervened, and that nothing happened except what was to be reasonably expected under the circumstances, you may and ought to find that the death resulted from the effects of the injury " (r). Exactly the same direction would be given if the action had been against a defendant whose wrongful act had caused the accident.

A daring attempt to extend the doctrine of consequential damages failed deservedly in the following case (s). The defendant, in breach of a Police Act, washed a van in a public street, and allowed the waste water to run down the gutter to a grating about twenty-five yards off, from which in the ordinary state of things it would have drained into the sewer. In consequence of a hard frost the grating was obstructed by ice, and the water in consequence flowed over the pavement and froze. There was no evidence that the defendant knew of the grating being obstructed. The plaintiff's horse slipped on the ice and broke its leg. It was sought to recover from the defendant the value of the horse. But it was held that the damage was too remote, not being one which he could fairly be expected to anticipate as likely to ensue from his act (t). Another, and equally fatal objection was, that the defendant's conduct was only wrongful as being in breach of a Police Act, and that the harm resulting from it to the plaintiff was not the particular sort of mischief which the statute was intended to prevent (u).

In the case of *Wilson v. Newport Dock Company* (v) the

*Wilson v.
Newport Dock
Company.*

(r) *Isitt v. Railway Passengers Assurance Co.*, 22 Q. B. D. 504, p. 512 ; 58 L. J. Q. B. 191 : *Pugh v. L. B. & S. C. Ry. Co.*, [1896] 2 Q. B. 248.

(s) *Sharp v. Powell*, L. R. 7 C. P. 253 ; 41 L. J. C. P. 95.

(t) See, too, *Crouch v. G. N. Ry. Co.*, 11 Ex. 742 ; 25 L. J. Ex. 137 : *Burton v. Pinkerton*, L. R. 2 Ex. 340 ; 36 L. J. Ex. 137 : *Cator v. G. W. Ins. Co.*, L. R. 8 C. P. 552 ; 42 L. J. C. P. 266.

(u) See *Gorris v. Scott*, L. R. 9 Ex. 125 ; 43 L. J. Ex. 92 : *Ward v. Hobbs*, 4 App. Cas. 13, ante, p. 22.

(v) L. R. 1 Ex. 177 ; 35 L. J. Ex. 97.

Court of Exchequer was unable, upon the materials before it, to decide whether the claim lay on one side or the other of the dividing-line between proximate and remote damages. There the defendants contracted to receive a ship into dock at a specified time. The ship was brought to the dock in ballast at the specified time, but owing to the breaking of one of the chains of the dock-gate she could not be admitted. The day was stormy, and after a consultation between the pilot and captain, the latter anchored the vessel opposite the dock. At the turn of the tide she grounded on a sandbank and broke her back. The plaintiff sued to recover her value, and at the trial two questions were left to the jury. First, was it possible to have taken the vessel to a place of safety? Second, if so, was it the fault of the captain or the pilot that she was not so taken? The jury were unable to agree on the first question, but found on the second that there was no negligence on the part of either captain or pilot. Martin, B., was of opinion upon these findings that the defendants were liable. He thought the verdict of the jury amounted to this, that the defendants' breach of contract placed the captain in a position in which he had to adopt one of several perilous alternatives, and that he acted in a proper and reasonable manner under the circumstances. The defendants were therefore responsible for the consequences, which were the natural result of the course he adopted. He considered that the case was decided by the authority of *Jones v. Boyce* (*w*), where an accident happened to a stage-coach, upon which the plaintiff jumped down and broke his leg. Lord Ellenborough put it to the jury to consider, whether the plaintiff's acts were such as a reasonable and prudent mind would have adopted, and added: "If I place a man in such a situation that he must adopt a perilous alternative, I am responsible for the consequences." The rest of the Court, however, thought that the want of any finding upon the first question rendered it impossible to decide the case. They pointed out, that if there was any place of safety to which the ship could and ought to have been taken, then the defendants were not responsible. Nor would they have been responsible if the weather was so stormy that it was an unsafe thing to take

(*w*) 1 Stark. 493. See *post*, p. 73.

the ship to the dock at all. A new trial was therefore directed to settle these points.

One very common instance in which damages are held to be too remote arises where the plaintiff claims compensation for the profits which he would have made, if the defendant had carried out his contract. It is by no means true, however, that such profits can never form a ground of damage (x). Loss of profits is recoverable so far as it is the natural result of the breach of contract, but not when it is founded on a special contract for re-sale, unknown to the defendant, which is frustrated by that breach. This distinction has been very clearly pointed out in a case in the Supreme Court of New York. The plaintiffs had contracted with the defendants to furnish marble from a specified quarry at a fixed sum for the erection of a City Hall. The plaintiffs entered into a contract with the proprietors of the quarry for the required amount at a smaller sum. After delivering a part of the marble the defendants refused to receive any more. The plaintiffs sued for breach of contract, and claimed as damages the profit they would have made by furnishing the marble at a larger sum than they were to pay for it. Kent, J., ruled accordingly "that the jury should allow the plaintiffs as much as the performance of the contract would have benefited them;" and this ruling was affirmed in the court above. Nelson, C.J., said, "It is not to be denied that there are profits or gains derivable from a contract which are uniformly rejected as too contingent and speculative in their

When profits
may be
allowed for.

(x) In cases of infringement of patent or unlawful use of trade mark, loss of profits forms the substantial ground for the claim of compensation. It has been decided that special damage, by loss of custom or otherwise, must be proved, where a trade mark has been used; and it cannot be assumed that the goods sold by the defendant would have been sold by the plaintiff, but for the defendant's unlawful use of his trade mark. *Leather Cloth Co. v. Hirschfeld*, L. R. 1 Eq. 299. On the other hand, every sale of a patented article must be a damage to the patentee, see *per Page-Wood, V.-C., Darnport v. Rylands*, L. R. 1 Eq. 302, where the difference in form between the inquiry as to damages in the case of a patent and of a trade mark is pointed out. Where a patentee has been in the habit of granting licences at a certain royalty, the measure of damages will be the amount of royalty which ought to have been paid. *Penn v. Jack*, L. R. 5 Eq. 18; 36 L. J. Ch. 455. See also *Betts v. De Vitre*, 34 L. J. Ch. 289; *United Horse Shoe Co. v. Stewart*, 13 App. Ca. 401; *American Braided Wire Co. v. Thomson*, 44 Ch. D. 274; 59 L. J. Ch. 425. See, as to infringement of copyright, *Muddock v. Blackwood*, [1898] 1 Ch. 58.

nature, and too dependent upon the fluctuation of markets and the chances of business to enter into a safe or reasonable estimate of damage. Thus any supposed successful operation the party might have made, if he had not been prevented from realizing the proceeds of the contract at the time stipulated, is a consideration not to be taken into the estimate. Besides the uncertain and contingent issue of such an operation, in itself considered, it has no legal or necessary connection with the stipulations between the parties, and cannot, therefore, be presumed to have entered into their consideration at the time of contracting. . . . When the books and cases speak of the profits anticipated from a good bargain, as matters too remote and uncertain to be taken into the account in ascertaining the true measure of damages, they usually have reference to dependent and collateral engagements entered into on the faith and in expectation of the performance of the principal contract. But profits or advantages which are the direct and immediate fruits of the contract entered into between the parties, stand upon a different footing. These are part and parcel of the contract itself—entering into and constituting a portion of its very elements, something stipulated for, the right to the enjoyment of which is just as clear and plain as to the fulfilment of any other stipulation. They are presumed to have been taken into consideration and deliberated upon before the contract was made, and formed, perhaps, the only inducement to the arrangement" (y).

Difference
between
primary and
secondary
profits.

The distinction pointed out in the above judgment between primary and secondary profits furnishes the key to the English cases in which profits have been admitted and rejected as an element in the damages allowed. Many of these cases have already been cited and commented on. For instance, where the act complained of was the non-delivery of a ship, the measure of damages was the profit that might have been made out of her use (z). Where a dredger had been sunk in a collision, it was held that the owners were entitled to damages for the loss of

(y) *Masterton v. Mayor of Brooklyn*, 7 Hill, 62.

(z) *Fletcher v. Tayleur*, 17 C. B. 21; 25 L. J. C. P. 65; *ante*, p. 13; *Cory v. Thames Ironworks Co.*, L. R. 3 Q. B. 181; *ante*, p. 27; *Ex parte Cambrian Steam Packet Co.*, L. R. 6 Eq. 396; L. R. 4 Ch. 117; *ante*, p. 43; *The Argentino*, 14 App. Ca. 519; 58 L. J. P. D. A. 1.

its use while it was being repaired, and for the consequent delay to the dredging operations, although they were trustees of a public harbour, who derived their funds from rates, and were not entitled to make or distribute profits (a). Where the action was brought under s. 32 of the Patents, Designs, and Trade Marks Act, 1883, to restrain the defendant from threatening proceedings against the plaintiff in respect of the manufacture and use of cameras, on the ground of an alleged infringement of the defendant's patent, it was held that the plaintiff could recover by way of damages the profit which he would have made by selling the exclusive use of his cameras to a third party, who had broken off negotiations with him for the purchase in consequence of the defendant's threats (b). In the case of non-delivery of goods, the measure of damages is the ordinary selling price of the goods, that is the ordinary profit that would have been made if they had been received in due course; but not the special profit that would have arisen from some exceptional contract for resale (c). So where an action was brought against the defendants for not fulfilling a contract to fit up certain machinery within a reasonable time. The declaration laid as special damage the loss of time of the plaintiff's apprentices, who were in consequence kept unemployed; and also the loss they had incurred by being unable to perform a contract entered into with another firm for the supply of bobbin. It appeared that this contract being for the sale of goods above the value of 10*l.* was not valid, for want of writing,

(a) *The Greta Holme*, [1897] A. C. 596; 66 L. J. P. 166. It was admitted that they were entitled to the cost of the apparatus necessary for raising the wreck, with interest upon the capital invested in such apparatus, repairs, depreciation fund, and insurance. *The Greta Holme*, [1896] P. 192. A contrary decision was given where the action was brought by the owner of a damaged vessel against the insurer. *Shelbourne v. Law Investment Corporation*, [1898] 2 Q. B. 626; 67 L. J. Q. B. 944.

(b) *Skinner v. Shew*, [1894] 2 Ch. 581.

(c) *Wilson v. Lancashire & Yorkshire Ry. Co.*, 9 C. B. N. S. 632; 30 L. J. C. P. 232; *ante*, p. 14; *Borries v. Hutchinson*, 18 C. B. N. S. 445; 34 L. J. C. P. 169; *Horne v. Midland Ry. Co.*, L. R. 7 C. P. 583; L. R. 8 C. P. 131; 42 L. J. C. P. 59; *ante*, p. 29; *Larios v. Gurety*, L. R. 5 P. C. 346, 358; *Grébert Borgnis v. Nugent*, 15 Q. B. D. 85; 54 L. J. Q. B. 511; *ante*, p. 39; *Hammond v. Bussey*, 20 Q. B. D. 79; 57 L. J. Q. B. 58. See as to breach of contract to lend money, *Western Waggon Co. v. West*, [1892] 1 Ch. 271, p. 277; 61 L. J. Ch. 244: to take debentures, *South African Territories v. Wallington*, [1897] 1 Q. B. 692; affirmed, [1898] A. C. 309; 67 L. J. Q. B. 470; *Bahamas I. S. Plantation v. Griffin*, 14 Times L. R. 139.

under the Statute of Frauds. The first item of damage was allowed without question. As to the second, Alderson, B., said, "The defendants undertook to perform a contract within a reasonable time, and failed to do so; the plaintiffs say, 'We should have made certain profits had the contract been performed.' The jury are not bound to adopt any specific contract that may have been made; but if reasonable evidence is given that the amount of profit would have been as claimed, the damages may be assessed accordingly" (d). And so a person who fails to supply a piece of mechanism, which is, and which he knew to be, only valuable as forming part of an entire machine, will be responsible for any loss of profits flowing from the inutility of that which it was intended to complete (e).

Failure to
insert adver-
tisements.

This appears to have been the *ratio decidendi* in a case where the plaintiff, a ladies' tailor, contracted with the owner of a weekly newspaper called the *Jewish Chronicle* for fifty-two insertions of a certain advertisement on successive dates commencing from May, 1894, in the front page of the *Jewish Chronicle*. From the character of the plaintiff's premises, he could only obtain recognition by means of advertisements. The plaintiff was the only ladies' tailor who advertised in the defendant's paper, and the paper was the special journal of the Jewish world. The contract was made in consequence of the great increase of custom which had followed a previous insertion for thirteen issues in the same paper. This success continued so long as the advertisements continued. The advertisement was discontinued, by what was found by the jury to be a breach of contract, in September, and was immediately followed by a falling off of business, for which no other cause could be suggested. The jury assessed the damages at 60*l*. It was argued for the defendant that the damages were too remote and speculative; that the evidence of loss of business was inadmissible, and that the true measure of damages was the cost of the advertisement. It was held by Kennedy, J., that the defendants knew the object of the advertisement; that they ought to be taken to have known that if they broke the contract the result would be, as a natural consequence, loss to the plaintiff in his business; and

(d) *Waters v. Tonnors*, 8 Ex. 401. See 22 L. J. Ex. 187.

(e) *Hydraulic Engineering Co. v. McHaffie*, 4 Q. B. D. 670; *ante*, p. 38.

that the evidence of loss of business, not accounted for in any other way, was proper for the consideration of the jury in assessing damages. It is evident here that what was contracted for was notoriety among a very desirable class of customers, which could be attained in no other way, and which had no other use than that of attracting business. The stoppage of the advertisement was the withdrawal of the notoriety, and the consequent loss of business was not only the evidence that damage had followed, but an approximate measure of its amount, the loss itself being a result which must have been in the contemplation of the defendant (*f*).

Cases where profits not allowed for.

Numerous instances will occur in the course of this work in which loss of profits has been rejected as an element in damages. A few instances, however, may be mentioned here as further illustrating the rule. In *detinue* for not returning scrip it was ruled by Cresswell, J., that no damages could be given for the loss sustained by the plaintiff, in consequence of the detention of the shares having prevented his paying up deposits, which would have entitled him to an allotment of one thousand other shares, as this damage was too remote (*g*). In an action against a company for wrongfully refusing to register a transfer of shares, in which the consideration for the transfer was stated at a nominal sum, it was held that the company could not be compelled to pay substantial damages on the ground that the real contract between the plaintiff and his transferee was, that the latter should take the shares at their then market value, and that this value was higher than that at which the shares could have been sold when the company consented to register. It would have been different if the real nature of the transfer had been brought to the notice of the company when they were called on to register (*h*). So where an auctioneer entered into an agreement on behalf of defendant to sell premises to plaintiff, without having communicated the treaty to the former. The defendant had in the meantime sold to a third party. An action was brought for breach of contract, and the same learned judge held that no damages

(*f*) *Marcus v. Myers*, 11 Times Law Reports, 327.

(*g*) *Archer v. Williams*, 2 C. & K. 26.

(*h*) *Skinner v. City of London Marine Insurance Corporation*, 14 Q. B. D. 882; 54 L. J. Q. B. 437.

Losing chance
of a prize.

could be given for the loss of the plaintiff's bargain, saying, "his real loss is the loss of the use of the 50*l.* paid as deposit, and the expenses incurred by him to his attorney, and this, I think, is all that he can recover" (i). In another case the contract was to demise a ferry and premises, and the plaintiff was promoter of a company provisionally registered for the purpose of working the ferry, and was also its solicitor. No title could be made out, and in an action against the vendor, it was held that the plaintiff could not recover for loss of profits from the granting of the lease and the establishment of the association; nor the profits he would have derived from being employed as solicitor by the association, nor in respect of any advantage he would have derived from his time, labour, &c., employed in the formation of the association (j). There is one case in which there seems to have been a difference of opinion between two learned judges. A prize had been offered for the best model of a machine for loading barges. The plaintiff had sent one by railway, but, through the negligence of the defendant, it arrived too late, and the plaintiff lost his chance of the prize. A question arose as to the measure of damages, whether it was the value of the work and materials, or whether the prize might be taken into consideration. Patteson, J., seemed to think it might: he said, "The plaintiff had put his damage upon a right principle, for he said the goods were made for a specific purpose, which has been defeated by the negligence of the defendant, and they have become useless." Erle, J., said, "I have had great doubts whether that chance was not too remote and contingent to be the subject of damages" (k). No decision was given, as the case went off upon a different point. It is apprehended, however, that the opinion of Erle, J., was the true one. The question seems to come to this: Was the plaintiff's chance of winning the prize a matter of such an ascertainable value *at the time of entering into the contract* of carriage, as to have been capable of contemplation by both parties? If it was not ascertainable then, it is difficult to see how it could have formed part of the contract, and if it did

(i) *Tyrer v. King*, 2 C. & K. 151. See upon this point, *Contracts for Sale of Land*, *post*, c. v.

(j) *Hanslip v. Padwick*, 5 Ex. 615.

(k) *Watson v. Ambergate Ry. Co.*, 15 Jur. 448.

not form part of the contract, it could not enter into the damages for breach. Suppose the same carrier had been entrusted with all the models sent for competition, and delayed them all, should he pay the amount of the prize to each, or apportion it among them, or how? Even if the actual judges gave evidence that a particular model would have won the prize, still this would be matter *ex post facto*, not known at the time of the bargain, and forming no part of it. The case is very like one alluded to by Lord Ellenborough as having been frequently mentioned by Lord Alvanley, where the plaintiff complained of false imprisonment, *per quod*, being confined on shore he lost a lieutenancy. This was taken as an *ad absurdum* case. Would it have made any difference if the plaintiff had been delayed in a train when travelling to London to be examined for his commission (l)?

It may be as well to state, that according to the Scotch law, loss of profits may be included in the estimate of damages. It was on this ground that *Dunlop v. Higgins* was decided in the House of Lords (m). It was an appeal from a Scotch court; and it was held that in an action in that country, for non-delivery of goods according to contract, the damages were not restricted to the difference between the contract and market price, but that the plaintiff might recover in respect of the profits which he would have made by a contract of re-sale into which he had entered. This decision is in itself no authority in England, as it turned upon the acknowledged difference between the law of the two countries in this respect. It is remarkable, however, for a vigorous onslaught upon the English law, by so formidable an opponent as Lord Cottenham, C. He said (n), "If pig-iron had only risen one shilling a ton in the market, but the purchasers had lost 1,000*l.* upon a contract with a railway company, in my opinion they ought not only to recover the damage which would have

Scotch law as
to profits
different.

(l) *Boyce v. Bayliffe*, 1 Campb. 58. In a case somewhat resembling that put by Lord Alvanley, an attempt was made to recover special damages for the loss of a situation which the plaintiff alleged that he would have obtained but for the false imprisonment which formed the subject of the action, but the damage was held to be too remote. *Hoey v. Felton*, 11 C. B. N. S. 142; 31 L. J. C. P. 105. See also *Burton v. Pinkerton*, L. R. 2 Ex. 340; 36 L. J. Ex. 137.

(m) 1 H. L. Ca. 381.

(n) 1 H. L. Ca. 403.

arisen if they had gone into the market and bought the iron at the increased price ; but also that profit which would have been received if the party had performed his contract. No other rule is reconcilable with justice, nor with the duty which the jury had to perform, that of deciding the amount of damage which the party has suffered by the breach of his contract." But, with the greatest possible respect, it may be suggested that the rule most reconcilable with justice would be to inquire what was the contract, and what were the liabilities really entered into by the parties ? The question is not what profit the plaintiff might have made, but what profit he professed to be purchasing. Not what damage he actually suffered, but what the other contemplated and undertook to pay for. It is quite clear that loss of profits by a re-sale can never be contemplated, unless the re-sale has actually taken place at the time, and is communicated to the other party. The reason is, that such a profit is utterly incapable of valuation. It may depend upon a change of weather, a scientific discovery, an outbreak of war, a workmen's strike. It will depend upon the energy and sagacity of the person who purchases the goods, and the solvency of the person to whom he sells them again. In short, if the Scotch rule were to be carried out to its fair extent, no one could contract to sell goods which were not actually in his possession, without charging an additional premium, commensurate to the profits which the vendee might possibly make, and for which he himself would have to pay, if prevented from carrying out his agreement (o).

Damage remote from want of connexion with cause of action.

All the previous cases, according to English law, are resolved by answering the question :—Is the particular result such as might have been contemplated by the parties, as naturally flowing from the act done ? The same question, upon the same principle, solves a number of other cases, in which profits do not come into consideration. For instance : the defendant libelled a concert singer, who, in consequence, refused to sing at the plaintiff's oratorio, for fear of being badly received. It was held that this damage to the plaintiff was not sufficiently

(o) This reasoning was cited with approbation by Crompton, J., and Blackburn, J., in *Williams v. Reynolds*, 6 B. & S. 495 ; 34 L. J. Q. B. 221 : *Thol v. Henderson*, 8 Q. B. D. 457.

connected with the act of the defendant to entitle the former to an action. It was said that the refusal to sing might have proceeded from groundless apprehension, or caprice, or some completely different cause (*p*). A still stronger case was where the defendant by beating an actor, prevented his performing, and the injury to the manager of the theatre was also held to be too remote (*q*). The same principle has been applied in cases of slander, where the words used were not in themselves defamatory, though by a strained construction they were so understood. The plaintiff was a shopwoman, and the defendant had said of her, "she secreted one shilling and sixpence under the till; stating these are not times to be robbed." In consequence of these words S. refused to employ her. It was held that no action lay. "If S. refused to take the plaintiff into his service on this account, he acted without reasonable cause; and in order to make words actionable, they must be such that special damage may be the fair and natural result of them" (*r*). In one case, the Court exercised rather a perverse ingenuity in holding damage to be insufficiently shown. The plaintiff was a dealer in the funds, and the words were "he is a lame duck," which in Stock Exchange parlance mean, a person unable to fulfil his contracts. The Court said that the contracts alluded to might be unlawful, and if so, no special damage could follow from a charge that he had not done what the law prohibits. It seems rather hard on the plaintiff to assume, for the sake of letting him be abused, that he was acting illegally (*s*). On the other hand, where words, which in themselves import an accusation, are uttered in presence of a third person who acts upon them to the injury of the plaintiff, in such a manner as might naturally have been expected, it is no matter whether the third person believed the accusation or not, if his conduct was in fact caused by the accusation being made. This may be illustrated by a case where the defendant came to his tenant, by whom the plaintiff was employed, and

Cases of
defamation.

(*p*) *Ashley v. Harrison*, 1 Esp. 48.

(*q*) *Taylor v. Neri*, 1 Esp. 386; but considerable doubts were thrown upon the authority of this decision in the case of *Lumley v. Gye*, 2 E. & B. 216; 22 L. J. Q. B. 463.

(*r*) *Per Taunton, J., Kelly v. Partington*, 5 B. & Ad. 645, 650.

(*s*) *Morris v. Langdale*, 2 B. & P. 284.

in whose house she lodged, and used language ascribing licentious conduct to her. The tenant disbelieved the charge, but turned the plaintiff away for fear of displeasing the landlord (*t*). In either view the damage was clearly the immediate and probable result of the words used.

Remote consequences not a ground of action.

In a case where commissioners of an inland navigation executed a lease of a canal for a term of years pursuant to a statute, which enacted that in case the lessee should permit the works to be out of repair the commissioners should give him notice to repair, and on his neglecting to do so might do the repairs and pay the expenses out of the tolls, a lock forming part of the navigation fell in, and the plaintiff's barge was delayed. The lock had been out of repair to the knowledge of the commissioners, but they had given no notice to the lessee. The plaintiff claimed from the commissioners damages for the delay, but it was held that, assuming an action to lie against the commissioners for not having given notice to the lessee to repair, the damage to the plaintiff was not the proximate natural result of that breach. It did not follow, that if they had given the notice the repairs would have been done (*u*). And in another case a declaration, stating that the defendant conspired and combined with a confederate to take the plaintiff's premises and set up illicit stills there, and by falsely pretending that the premises were wanted for a lawful and innocent trade, induced the plaintiff to let the premises to the confederate, and permit him and the defendant to take possession, whereupon they set up the still and represented the plaintiff to be the proprietor, by reason of which he was convicted of aiding and abetting in the illicit distillation, was held bad on demurrer, the damage not being the legitimate consequence of the defendant's acts (*v*).

Damage arising from non-repair of fences.

There are two old cases in which the defendant was sued for consequential damage, arising from non-repair of his fences. In one case the plaintiff's cattle strayed into defendant's close,

(*t*) *Knight v. Gibbs*, 1 A. & E. 43.

(*u*) *Walker v. Goe*, 3 H. & N. 395; 27 L. J. Ex. 427; affirmed 4 H. & N. 350; 28 L. J. Ex. 184.

(*v*) *Barber v. Lesiter*, 7 C. B. N. S. 175; 29 L. J. C. P. 161. See for an example of damage too remote in an action of false representation, *Collins v. Cave*, 4 H. & N. 225; 30 L. J. Ex. 55.

and thence upon the land of W., who sued the plaintiff, which was the damage complained of (*x*). In another, the plaintiff's mare went through a gap, and falling into a ditch was drowned (*y*). In neither of these cases was any objection taken on account of the remoteness. They were affirmed and relied upon in a more modern case, where the damage resulting from a similar non-repair of fences was, that the plaintiff's horse escaped into the defendant's close, and was there killed by the falling of a haystack (*z*). Here the objection that the damage was too remote was expressly taken and overruled. Of course in all such cases it is necessary to show an obligation, by prescription, contract, or statute, to maintain such fences, or that the defendant has created something which amounts to a nuisance (*a*).

In some recent cases the liability to damages for injuries resulting from the escape of animals, was decided upon reasonings which, though uniform in principle, were rather varied in application. In *Cox v. Burbidge* (*b*), the defendant's horse had strayed on the highway, and then kicked the plaintiff's child, which was the injury complained of. There was no evidence why the horse had kicked the child, except that it did not arise from any fault of the child. It was held that the owner was not liable, as it did not appear that he knew that the horse was vicious. The judges said that they assumed that the horse was a trespasser, and that for all natural results of his trespass, such as eating grass, trampling the soil, and the like, the owner would be liable, and that, whether the escape of the horse resulted from negligence or not. But that it was not a natural thing for a horse to kick a child unless he was vicious. And, therefore, the owner could not be liable for an act which only a vicious animal would do, unless he knew of its vice. A contrary decision was arrived at in two later cases,

Damage from acts of animals.

Cox v. Burbidge.

(*x*) *Holbach v. Warner*, Cro. Jac. 665.

(*y*) Anon., 1 Ventr. 264.

(*z*) *Powell v. Salisbury*, 2 Y. & J. 391 : *Lawrence v. Jenkins*, L. R. 8 Q. B. 274 ; 42 L. J. Q. B. 147 : *Dawson v. Mid. Ry.*, L. R. 8 Ex. 8 ; 42 L. J. Ex. 49. See, too, *Sneesby v. L. & F. Ry.*, L. R. 9 Q. B. 263 ; 43 L. J. Q. B. 69 : affirmed 1 Q. B. D. 42 ; 45 L. J. Q. B. 1 : *Halstrap v. Gregory*, [1895] 1 Q. B. 561 : 64 L. J. Q. B. 415.

(*a*) *Matson v. Baird*, 3 App. Cas. 1082 : *Curry v. G. W. Ry. Co.*, 6 Q. B. D. 237 : *Wineman v. Booker*, 3 C. P. D. 184.

(*b*) 13 C. B. 430 ; 32 L. J. C. P. 89.

Lee v. Riley.

*Ellis v.
Loftus.*

the agent in each being also a horse; but the sufferer being a horse also instead of a child. In one case the horse strayed through defect of a gate which the defendant was bound to repair, and getting into the plaintiff's field kicked his horse. In the other the plaintiff's and defendant's fields were separated by a wire fence. In the plaintiff's field was a mare, and in the defendant's field was an entire horse. The stallion and the mare came together at the fence, and then the former bit and kicked at the latter through it, thereby injuring her. In both cases the defendant was held liable. In the former there was no evidence that the offending horse was vicious. In the latter, there was direct evidence that he was of as quiet a temper as a horse need be (c). In each case the judgment was rested upon the ground that the horse was a trespasser, and that his act was the natural and direct consequence of his coming in contact with the other horse. In *Cox v. Burbidge* the Court had held that there was no evidence of negligence or breach of duty on the defendant's part, as leading to the trespassing of the horse. In *Ellis v. Loftus* the Court held that there was negligence on the defendant's part, but that the action being one of trespass, the defendant would have been equally liable if he had done everything in his power to keep his horse from trespassing, but had in fact failed. The only difference between the two cases, therefore, seems to be, that the judges thought it was natural for a stray horse to kick another horse, but unnatural for him to kick a child. That it is natural for a stallion to bite and kick a mare is beyond all doubt. In the case of *Lee v. Riley*, it was the mare who kicked the horse, which was perhaps equally natural. If in any future case both animals are geldings, an interesting question as to horse nature will arise.

The following cases are even stronger illustrations of the liabilities which may be incurred in consequence of the unreasoning and unexpected conduct of animals. In one (d) the defendant, who was bound to fence his land for the benefit of the plaintiff, had allowed a wire fence to fall into disrepair, so

(c) *Lee v. Riley*, 18 C. B. N. S. 722; 34 L. J. C. P. 212; *Ellis v. Loftus Iron Co.*, L. R. 10 C. P. 10; 44 L. J. C. P. 24.

(d) *Firth v. Bowling Iron Co.*, 3 C. P. D. 254; 47 L. J. C. P. 358.

that pieces of the iron broke off, and lay hidden in the grass of the pasture land occupied by the plaintiff. A cow ate the iron and died. In the second case (e) the defendants planted a yew tree upon their own ground, which in time spread its branches over the plaintiff's ground. A horse ate it, and was poisoned. In each case the defendant was held liable for the loss. In the former case because he had committed a breach of an express obligation to fence. In the latter, because he came under the general principle, that a person who brings upon his own land any noxious or dangerous agent, is bound at his own risk to keep it from doing an injury to his neighbour (f). Where, however, a yew tree stood upon the defendant's land, and extended over a ditch which separated his property from that of the plaintiff, but the ditch belonged to the defendant, and no part of the yew tree extended over the plaintiff's land, and the defendant was under no obligation to maintain a fence for the benefit of the plaintiff, it was held that he was not liable for the death of the plaintiff's horse from eating the yew. The poisonous matter had never left his property, and he was not bound to keep the horse away from it (g).

It is said in one old case, that where a master sends his servant to pay money for him upon the penalty of a bond, and in his way a smith in shoeing doth prick his horse, and so by reason of this the money is not paid; this being the servant's horse, he shall have an action upon the case for pricking of

Act which prevents payment of money.

(e) *Crouchurst v. Amersham Burial Board*, 4 Ex. D. 5; 48 L. J. Ex. 109.
 (f) *Fletcher v. Rylands*, L. R. 3 H. L. 330; 37 L. J. Ex. 161; *Farrer v. Nelson*, 15 Q. B. D. 258; 54 L. J. Q. B. 385; *Snow v. Whitehead*, 27 Ch. D. 588; 53 L. J. Ch. 885; *Erans v. M., S. & L. Ry.*, 36 Ch. D. 626; 57 L. J. Ch. 153. And a man is not even justified in passing on to his neighbour, for the protection of his own property, water, which has, by no act of his own, accumulated on his land: *Whalley v. L. & Y. Ry. Co.*, 13 Q. B. D. 131; 53 L. J. Q. B. 285. But he is not bound to keep his thistles from flying abroad, as they are the natural growth of the soil: *Giles v. Walker*, 24 Q. B. D. 656; 59 L. J. Q. B. 416. See as to the limitations upon this doctrine in case of *vis major*, *Nichols v. Marsland*, 2 Ex. D. 1; 46 L. J. Ex. 174; or, when the act is done under a common law or statutory obligation, *Madras Ry. Co. v. Zemindar of Carrain-nugger*, L. R. 11 I. A. 364; *Dixon v. Met. Bd. of Works*, 7 Q. B. D. 418; 50 L. J. Q. B. 702; or for the common benefit of those who are injuriously affected by it, *Carstairs v. Taylor*, L. R. 6 Ex. 217; 40 L. J. Ex. 129; *Anderson v. Oppenheimer*, 5 Q. B. D. 602; 49 L. J. Q. B. 708; *Blake v. Woolf*, [1898] 2 Q. B. 426; 67 L. J. Q. B. 813; or, under circumstances which raise an implication that the plaintiff has accepted and acquiesced in the risk, *Ross v. Fedden*, L. R. 7 Q. B. 661; 41 L. J. Q. B. 270.
 (g) *Ponting v. Noakes*, [1894] 2 Q. B. 281; 63 L. J. Q. B. 549.

his horse ; and the master also shall have his action upon the case for the specific wrong which he has sustained by non-payment of his money, occasioned by this (*h*). This case is cited by Parke, B. (*i*), with the remark that, "that cause of action is certainly rather remote." I conceive that such damage could not be allowed for in the present day, even though the master were owner of the horse as well as the money.

Damage
remote when
caused by
plaintiff's own
act.

Damage will obviously be too remote when it is caused, wholly or principally, by the act of the plaintiff himself ; it cannot then be regarded as the necessary result of the defendant's misconduct. Hence, where the captain of a ship had wrongfully imprisoned the plaintiff, and some time after his release, on touching land, the plaintiff changed into another ship, it was decided that he could not recover as damages the costs so incurred. Lord Ellenborough said, the special damage should be closely connected with the trespass which was the foundation of the action. Here the imprisonment was not the *causa proxima* of the trans-shipment. The latter was remote in point of time, and the plaintiff was not driven to it to redeem himself from any great peril or grievance (*j*). A more recent case stands on the same principle. The plaintiff had taken a passage to Australia in the defendant's vessel, but was not allowed to sail on account of a mistaken belief that he had not paid his entire fare. The error was found out immediately, and he was offered a passage in another vessel which sailed a week after the first. Instead of going by it he remained in England till December to sue the defendant. It was held that the expenses of his keep till trial could not be allowed as damages, since he might have gone long ago if he had wished ; they might, however, be allowed as costs, if his evidence was necessary, and it was fit that he should have been kept as a witness (*k*). So if a tenant neglects to make repairs, which he is bound to execute, because his landlord refuses to furnish materials which he is bound to supply, he cannot hold his landlord liable for the damage that may be caused by bad weather. His proper course is to make the repairs, and charge for the

(*h*) *Errard v. Hopkins*, 2 Bulst. 332.

(*i*) 6 Ex. 764.

(*j*) *Boyce v. Bayliff*, 1 Camp. 58.

(*k*) *Ansett v. Marshall*, 22 L. J. Q. B. 118 ; 1 B. C. C. 147, S. C.

materials (*l*). And if goods are delayed by a carrier, he will not be responsible for damages, which would not have happened, if the goods had not been improperly packed, or sent off in an unfit condition (*m*).

Upon the same principle a passenger who was removed from a railway carriage by the servants of the railway company, in circumstances which did not justify the removal, was held not entitled to recover the value of a pair of race-glasses which he negligently left in the carriage and which were lost (*n*). And the owners of a ship which had been run into by another ship, though entitled to recover for damage which was the immediate consequence of the collision, were held not entitled to recover for damage which resulted from the master's refusing assistance offered to him, and failing to use ordinary skill in attempting to save his ship after the collision (*o*).

This rule is frequently brought to bear in actions on the case for negligence where the question is, whether the injury was so completely the result of the defendant's act as to support the declaration (*p*). Where A. placed lime rubbish in the highway, which blowing into the face of B.'s horse frightened it, so that it nearly dashed against a passing waggon, and in his efforts to avoid it B. unskilfully drove against another heap of rubbish, and was upset and hurt, it was held that he could not recover against A. (*q*). But the rule has been laid down and repeatedly recognized, that although there may have been negligence on the part of the plaintiff, yet unless he might, by the exercise of ordinary care, have avoided the consequence of the defendant's negligence, he is entitled to recover; if by ordinary care he might have avoided them, he is the author of his own wrong (*r*).

Cases of contributory negligence.

Where plaintiff may recover though himself in fault.

(*l*) *Tucker v. Linger*, 21 Ch. D. 18.

(*m*) *Baldwin v. L. C. & D. Ry. Co.*, 9 Q. B. D. 582.

(*n*) *Glover v. L. & S. W. Ry. Co.*, L. R. 3 Q. B. 25; 37 L. J. Q. B. 57. See also *Hill v. Balls*, 2 H. & N. 299; 27 L. J. Ex. 45.

(*o*) *The Flying Fish*, 34 L. J. Adm. 113, in the Privy Council.

(*p*) *Butterfield v. Forrester*, 11 East, 60; *Holden v. Liverpool Gas Co.*, 3 C. B. 1; *Gen. Steam Nav. Co. v. Mann*, 14 C. B. 127; *Cotton v. Wood*, 8 C. B. N. S. 568; 29 L. J. C. P. 333; *Martin v. G. N. Ry.*, 16 C. B. 179.

(*q*) *Flower v. Adam*, 2 Taunt. 314.

(*r*) *Bridges v. G. Junc. Ry.*, 3 M. & W. 244, 248; *Darics v. Mann*, 10 M. & W. 546; *Ellis v. L. & S. W. Ry. Co.*, 2 H. & N. 424; 26 L. J. Ex.

Rule laid
down by the
House of
Lords.

The law upon this point has been recently affirmed in the House of Lords as consisting of the two following propositions : "The first is a general one, to this effect, that the plaintiff in an action for negligence cannot succeed if it is found by the jury that he has himself been guilty of any negligence or want of ordinary care which contributed to cause the accident. But there is another proposition equally well established, and it is a qualification upon the first ; namely, that though the plaintiff may have been guilty of negligence, and although that negligence may, in fact, have contributed to the accident, yet if the defendant could, in the result, by the exercise of ordinary care and diligence, have avoided the mischief which happened, the plaintiff's negligence will not excuse him" (*s*). Hence, where the immediate cause of the accident is the defendant's fault, so that without it the accident could not have happened at all, it is no answer that only for the plaintiff's negligence in something collateral to the immediate cause of the injury, it or part of it might have been avoided. For instance, where two omnibuses were racing, and one struck against the other, it appeared that if the omnibus in which plaintiff was riding had been driving slower, it might have been pulled up after the collision, and the accident prevented (*t*). And so where the injury to plaintiff was caused by a steamboat collision, in which

349 : *Singleton v. Williamson*, 7 H. & N. 410 ; 31 L. J. Ex. 17 : *Thompson v. N. E. Ry. Co.*, 2 B. & S. 106 ; 30 L. J. Q. B. 67 ; affirmed, 2 B. & S. 119 ; 31 L. J. Q. B. 194 : *Skelton v. L. & N. W. Ry. Co.*, L. R. 2 C. P. 631 ; 36 L. J. C. P. 249 : *Smith v. St. Lawrence*, L. R. 5 P. C. 308 : *Beal v. Marchais*, L. R. 5 P. C. 316.

(*s*) *Radley v. L. & N. W. Ry. Co.*, 1 App. Cas. 754, 759 : *Dublin W. & W. Ry. Co. v. Slaterry*, 3 App. Cas. 1155 : *Spaight v. Tedcastle*, 6 App. Cas. 217 : *Darey v. L. & S. W. Ry. Co.*, 11 Q. B. D. 213 ; 12 Q. B. D. 70 : *The Englishman*, 3 P. D. 18 : *Bywell Castle*, 4 P. D. 219 : *The Arklow*, 9 App. Cas. 136. See as to the proper mode of directing the jury in cases where negligence is set up, *Metrop. Ry. Co. v. Jackson*, 3 App. Cas. 193 ; 47 L. J. C. P. 303 : *Wakelin v. L. & S. W. Ry. Co.*, 12 App. Cas. 41 ; 56 L. J. 213, 229.

(*t*) *Rigby v. Hewitt*, 5 Ex. 240. See *Harris v. Mobbs*, 3 Ex. D. 268, where the defendant was held liable for a negligent act which frightened a vicious mare : *Wilkins v. Day*, 12 Q. B. D. 110. Where a railway company directed certain precautions to be taken when a train was approaching a level crossing, and the precautions were omitted on one occasion, and a person who crossed was killed, and it was shown that he might have seen and heard the train as it approached, it was held that the ordinary practice of the crossing entitled a passer-by to assume that it was safe to cross, and so repelled the defence arising out of his own negligence : *Smith v. S. E. Ry. Co.*, [1896] 1 Q. B. 178 ; 65 L. J. Q. B. 219.

the plaintiff was hurt by the falling of an anchor in his own vessel : held, that even if it had been shown that the anchor had been negligently stowed, and that the plaintiff ought not to have been in that part of the vessel, (which, however, the jury negatived,) this would have been no answer : that a man who is guilty of a wrong, and thereby produces injury to another, has no right to say, "part of that mischief would not have arisen if you yourself had not been guilty of some negligence," and that where the negligence of the party injured did not in any degree contribute to the immediate cause of the accident, such negligence ought not to be set up as an answer (*u*). In both the last-named cases, Pollock, C.B., expressed a strong doubt whether a man is responsible for all the consequences that may under any circumstances arise, in respect of mischief which by no possibility could he have foreseen, and which no reasonable person could be called on to have anticipated. He intimated that the rule was that a man is expected to guard against all reasonable consequences. As an illustration both of the principle of these cases, and of the limitation suggested by the Lord Chief Baron, may be mentioned a case in which it was held that a person making an unfenced excavation on his own land, near a public highway, was responsible for any injury caused by falling into it, though the person injured was in fact a trespasser (*x*). But there the excavation was so near the road as to be dangerous to persons walking along it, who might stray from the path even while exercising ordinary caution. The injury was one which might have been anticipated. But a man would not be answerable for the result of digging a hole in a field far removed from any path, and where he could not have contemplated that any one would come. The test is whether the excavation is substantially adjoining the highway (*y*).

Contributory negligence.

Cases in which plaintiff is a trespasser.

(*u*) *Greenland v. Chaplin*, 5 Ex. 243. See also *Tuff v. Warman*, 2 C. B. N. S. 740; 26 L. J. C. P. 263, affirmed in Ex. Ch. 5 C. B. N. S. 573; 27 L. J. C. P. 322; *Dowell v. Steam Navigation Co.*, 5 E. & B. 195; 26 L. J. Q. B. 59.

(*x*) *Barnes v. Ward*, 9 C. B. 392. See, too, *John v. Bacon*, L. R. 5 C. P. 437; 39 L. J. C. P. 365; *Harrold v. Watney*, [1898] 2 Q. B. 320; 67 L. J. Q. B. 771.

(*y*) *Hardcastle v. S. Yorkshire Ry. Co.*, 4 H. & N. 67; 28 L. J. Ex. 139; *Hounsell v. Smyth*, 7 C. B. N. S. 731; 29 L. J. C. P. 203; *Binks v. S. Yorkshire Ry. Co.*, 3 B. & S. 244; 32 L. J. Q. B. 26; *Hurst v. Taylor*, 14 Q. B. D. 918; 54 L. J. Q. B. 310.

Contributory negligence applies to infant plaintiffs.

Where both parties are to blame.

There would be a strong analogy between such a case and one subsequently decided under different circumstances. The defendant had contracted to carry plaintiff's goods, and the plaintiff, by consent of the defendant's carman, got into the cart, which broke down. The plaintiff was held not to be entitled to recover for the personal damage. The carman had no authority to allow her into the cart, where she was a mere trespasser (z). There is a somewhat similar case in which a contrary decision was arrived at. A little child clambered into the defendant's cart, while left unattended, and fell out and was hurt, the horse being moved on. The action was held to be maintainable (a). The Court of Exchequer in the case cited above attempted to distinguish *Lynch v. Nurdin* on the ground of the tender years of the child, which made her not the sole defaulter. Considerable discredit, however, was thrown upon the decision, especially by Alderson, B. (b). And it is now settled that the doctrine of contributory negligence applies to infant plaintiffs (c). Nevertheless the same degree of care is not to be expected from children as from adults.

There is one case which seems contrary to the doctrine laid down in *Rigby v. Hewitt* and *Greenland v. Chaplin*, viz., that a party is entitled to recover for the whole result of defendant's negligence, though in part attributable to himself. Where a barge was sunk by the swell of a steamer, and the jury gave only a fourth part of the damage actually sustained, alleging as their reason that the blame was not attributable to the defendant alone, and that the barge was not properly trimmed; the verdict was upheld by the Court (d). But it will be observed that in that case the motion was not by the plaintiff for a new trial on account of the smallness of the damages, but by the defendant, on the ground that their finding amounted to a verdict in his favour, which on the authority of the preceding cases it clearly did not. It appears too, in the

(z) *Lygo v. Newbold*, 9 Ex. 302; 23 L. J. Ex. 108.

(a) *Lynch v. Nurdin*, 1 Q. B. 29.

(b) See his remark, 23 L. J. Ex. 110.

(c) *Singleton v. E. C. Ry. Co.*, 7 C. B. N. S. 287; *Abbott v. MacFie*, and *Hughes v. MacFie*, 2 H. & C. 744; 33 L. J. Ex. 177; *Mangan v. Atherton*, L. R. 1 Ex. 239; 35 L. J. Ex. 161. See, however, as to this last case, *per Curiam*, in *Clark v. Chambers*, 3 Q. B. D., at p. 338; 47 L. J. Q. B. 427.

(d) *Smith v. Dobson*, 3 M. & G. 59.

judgments in that case to have been assumed by the court that the jury were not strictly justified in reducing the damages on the ground alleged by them (e).

In applying the doctrine of contributory negligence, it must always be remembered that the conduct of the complainant must be judged of as the facts appeared to him, not as they afterwards turned out. Where, through the breaking of a defective rein, the horses of defendant's stage coach ran away, and the plaintiff jumped off and was injured, it was held that he could recover damages, though the coach was not overturned, and he would have been uninjured if he had sat still. Lord Ellenborough said that it was sufficient that he was placed by the misconduct of the defendant in such a situation as obliged him to adopt the alternative of a dangerous leap, or to remain at certain peril (f). But a man is not justified in encountering a great and certain danger, in order to save himself a comparatively trifling inconvenience. For instance, where a passenger fell out of a train in trying to shut a door, which flew open, and it appeared that there was room in the carriage for him to sit away from the door, and that the train would have stopped at a station in a few minutes, it was held that the accident was not the natural and necessary result of the company's negligence (g). It would of course have been otherwise if the accident had happened while he was doing an act which would not have been dangerous but for some circumstances which he could not have foreseen (h).

Plaintiff's conduct judged by apparent necessity for his act.

Apparent necessity for plaintiff's act.

Where the person who contributes by his negligence to the injury is not the complainant, but his servant or agent, the former is of course unable to recover. A gentleman whose drunken coachman brings about an accident which he might have avoided, could not himself recover (i). And it is the same where the complainant is absolutely under the control of a third person, whose negligence contributes to the injury. As,

Contributory negligence of plaintiff's servant,

(c) See *Raisin v. Mitchell*, 9 C. & P. 613, to which the same remarks will apply.

(f) *Jones v. Boyce*, 1 Stark. 493, *ante*, p. 54. See *per* Martin, B., L. R. 1 Ex. 186; and *The Industrie*, L. R. 3 A. & E. 303; 40 L. J. A. 26.

(g) *Adams v. L. & Y. Ry. Co.*, L. R. 4 C. P. 739; 38 L. J. C. P. 277. See the remarks of Bramwell, L. J., in *Lax v. Corporation of Darlington*, 5 Ex. D., at p. 35.

(h) *Gee v. Metropolitan Ry. Co.*, L. R. 8 Q. B. 161; 42 L. J. Q. B. 105.

(i) See *per* Lord Esher, M. R., 12 P. D., p. 61.

or of person
in charge of
a public
conveyance.

*Thorogood v.
Bryan.*

for instance, a baby in its nurse's arms, or a child under the care of a grown-up person (*k*). For it is impossible to separate the acts of two persons who are both governed by a single will. But a good deal of conflict has arisen as to whether this principle should be applied in the case of adults who are in a public conveyance which is managed by persons who are not under their control, or in any sense their servants or agents. In *Thorogood v. Bryan* (*l*), where an accident was caused partly by the driver of one omnibus, but to a great extent also by the driver of another, in which the person injured was a passenger, it was held that a passenger in a public conveyance is so far identified with the driver of that conveyance, that the negligence of the driver is his negligence, and that he cannot recover where the driver himself or his master could not have done so. This decision was for nearly forty years the subject of unfavourable comment, and of hesitating approval by text writers and judges, and was at last formally overruled by the highest Courts of Appeal (*m*). A collision occurred between two ships, the *Bernina* and the *Bushire*, through negligence equally attributable to those who were in charge of each. A passenger and one of the crew on board the *Bushire* were killed, neither being personally to blame. Actions under Lord Campbell's Act (*n*) were brought by their representatives against the owners of the *Bernina*. In the original Court the actions were dismissed on the authority of *Thorogood v. Bryan*, which was directly in point. In the Court of Appeal that case was held to be bad law. All the judges were of opinion that the assertion that an adult journeying in a conveyance was for any legal purpose identified with the driver of that conveyance, unless that driver was his own servant or agent, was either unintelligible or untrue (*o*). A man who has been injured by the negligence of another is entitled to sue him, unless he has conduced to the injury either by his own fault, or by the fault

(*k*) *Waite v. N. E. Ry. Co.*, E. B. & E. 719; 27 L. J. Q. B. 417; affirmed E. B. & E. 728; 28 L. J. Q. B. 258; approved 12 P. D., pp. 71, 91; 13 App. Ca., p. 19.

(*l*) 8 C. B. 115.

(*m*) *The Bernina*, 12 P. D. 58; 13 App. Ca. 1; 57 L. J. P. D. & A. 65.

(*n*) 9 & 10 Vict. c. 93.

(*o*) The ruling in *Thorogood v. Bryan* was supported by Lord Bramwell on a different ground from that of assumed legal identification with the driver. See L. R. 10 Ex. p. 51; 44 L. J. Ex. p. 89; 13 App. Ca. p. 11.

of somebody towards whom he stands in the relation of principal or master. The fact that a stranger has contributed to the accident by an independent act of negligence of his own, may give rise to a further remedy against him, but cannot relieve the primary offender from the consequences of his own default.

Even before the case of the *Bernina* it had been settled, that where the defendant's negligence is the primary and substantial cause of the damage sustained by the plaintiff, he will be responsible for the whole damage, though it may have been increased by the wrongful conduct of a third person, or though there may have been negligence on the part of such third person, which, jointly, with the defendant's negligence, has caused the damage (*p*). The same rule applies where the negligence is that of a person for whom the defendant is liable. Where the driver of a van, who had instructions never to leave it, quitted the van, leaving it in charge of a boy whose duty was merely to distribute the parcels, and the boy drove on and brought about a collision; it was held that the negligence was that of the driver, and therefore the owner was liable (*q*.) So where a district council employed a contractor to construct a sewer, and in the construction the contractor injured a gas-main, from which the gas escaped into an adjoining house and caused an explosion, it was held that the district council was liable for the result, as their primary duty to the public was so to construct the sewer that no injury should ensue (*r*). And similarly, when the defendant's breach of contract has produced a dangerous state of things which ends in an accident, the fact that the accident itself was brought on by the negligence of another person, even though that person was the plaintiff or his servant, will be no answer to the action. For without the breach of contract the negligence would have led to no harm. Accordingly, where the defendants had contracted to supply gas fittings in the plaintiff's house, and the fittings were so

Where defendant's negligence is the primary and substantial cause of injury.

(*p*) *Collins v. Middle Level Commissioners*, L. R. 4 C. P. 279; 38 L. J. C. P. 236; *Harrison v. G. N. Ry. Co.*, 3 H. & C. 231; 33 L. J. Ex. 266; *Hill v. New River Co.*, 9 B. & S. 303. See *Smith v. Dobson*, 3 M. & G. 59.

(*q*) *Englehart v. Farrant*, [1897] 1 Q. B. 240.

(*r*) *Hardaker v. Idle District Council*, [1896] 1 Q. B. 335; 65 L. J. Q. B. 363; *Penny v. Wimbledon Urban District*, [1898] 2 Q. B. 212; 67 L. J. Q. B. 754.

defective that the gas escaped, and a servant negligently brought in a lighted candle, on which an explosion took place ; it was held that the defendants were liable, whether the person who introduced the candle was the plaintiff's servant or not (*).

*Volenti non
fit injuria.*

The rule that a man cannot claim damages for harm resulting from his own conduct is further illustrated by cases which fall within the maxim, *volenti non fit injuria*. Cases of this sort differ from cases of contributory negligence in that they do not assume any carelessness on the part of the plaintiff. If he has undertaken to perform a dangerous feat, or to exercise a dangerous employment, knowing its risks and consenting to take his chance of escaping them, he cannot afterwards claim damages from the person who is a party to his undertaking if the chances turn against him. A horsebreaker, a rope-dancer or a steeple-jack knows that he has an appreciable chance of breaking his neck every time he discharges his duties. Part of his risk arises from the probability that, sooner or later, some one who is co-operating with him will neglect his duty, or lose his nerve when an emergency occurs. So long as the person with whom he contracts does not add to his risk by neglecting anything which it is his duty to do, or doing anything which it is his duty not to do, he is not responsible for any damage which may result from the dangers of the employment. That damage is merely the reduction into certainty of the contemplated risk (†). Whether the plaintiff did take the risk upon himself is a question of fact for the jury in each case. Where the risk is inseparable from the employment, as in the cases above suggested, only one conclusion can be arrived at. But where the occupation is not of itself dangerous, or involves only some specific danger, it cannot be assumed without express and strong proof, that the plaintiff has undertaken to run the risk arising from some new ingredient of danger introduced into the case, or from the dangerous or incautious acts of others, who are carrying on some independent work within the sphere

(*) *Burrows v. March Gas Co.*, L. R. 5 Ex. 67 ; 39 L. J. Ex. 33 ; affirmed L. R. 7 Ex. 96 ; 41 L. J. Ex. 46.

(†) *Woodley v. Met. Dist. Ry.*, 2 Ex. D. 384 ; *Thomas v. Quartermaine*, 18 Q. B. D. 685 ; 56 L. J. Q. B. 349 ; *Membery v. Gt. Western Ry. Co.*, 14 App. Ca. 179 ; 58 L. J. Q. B. 563. A defendant is always liable for neglect of a statutory obligation. *Baddeley v. Earl Granville*, 19 Q. B. D. 423 ; 56 L. J. Q. B. 501.

of the plaintiff's operations (*u*). Whether the mere fact of continuing to work in an employment which has grown more dangerous than it was expected to be, in order to avoid dismissal, is itself sufficient evidence of a consent to bear its risks, is a point upon which much difference of opinion has been expressed, and which can hardly be said to be decided (*v*).

The maxim *volenti non fit injuria* has no bearing upon the case of a person, who, while trying to perform one of the ordinary acts of life, such as entering a railway station, or crossing a street, finds that he has to encounter some unexpected danger placed in his way by the wrongful act of the defendant. If after using all due care and caution he suffers any harm, the defendant is liable. And it makes no difference that the feat might have been accomplished in some way which he did not know, and failed to discover (*w*). Here the risk is not voluntarily accepted by the injured party, but is forced upon him against his will by the wrongful act of the defendant.

The last instance that I shall give of damage caused by the plaintiff's own act is to be found in cases where he has incurred premature expense, in reliance upon the defendant's performing his contract. This subject will be noticed again in treating of sales of land. One illustration will be sufficient at present. It was an action on a covenant of the 17th Sept. to demise a ferry, and to make a good title within fourteen days from the date of the agreement. The plaintiff was to pay 3,150*l.* on the 29th Nov., if title could be made out. No title could be established. The plaintiff was promoter of a company provisionally registered for the purpose of working the ferry. It was held that no damages could be given for the expense of raising the 3,150*l.*, nor the loss of interest upon it, nor for the costs of preparing the company's deed of settlement, and procuring provisional registration, because these were damages incurred by the plaintiff's own imprudence in beginning to act

Damage
resulting from
plaintiff's
premature
act.

(*u*) *Smith v. Baker*, [1891] A. C. 325; 60 L. J. Q. B. 683; *Thrussell v. Handyside*, 20 Q. B. D. 359; 57 L. J. Q. B. 347.

(*v*) *Yarmouth v. France*, 19 Q. B. D. 647; 57 L. J. Q. B. 7: *per* Lord Bramwell, 14 App. Ca. p. 187; Lord Herschell, *ibid.*, 192: *per* Lord Bramwell, [1891] A. C. p. 344; Lord Watson, *ibid.*, p. 357; Lord Herschell, *ibid.*, p. 364; Lord Morris, *ibid.*, p. 370.

(*w*) *Osborne v. L. & N. W. Ry. Co.*, 21 Q. B. D. 220; 57 L. J. Q. B. 618: and *per* Lord Halsbury, L. C. [1891] A. C. p. 337.

before he had ascertained whether the plaintiff could or could not complete his contract (x).

Damage too remote when the wrongful act of a third party.

Wrongful act of third person.

Vicars v. Wilcocks.

Another case in which damage will be too remote arises where it is the wrongful act of a third party, such as could not naturally be contemplated as likely to spring from the defendant's conduct (y). A wider doctrine than this was formerly maintained, viz., that where the act of the defendant caused a wrongful act of another, for which the plaintiff would have a right to sue such last-named party, he could not have a right of action against the original wrong-doer also. This doctrine rested upon the case of *Vicars v. Wilcocks* (z), and a *dictum* of Lord Eldon's in *Morris v. Langdale* (a). Carried to this extent, however, it was much shaken by Mr. Starkie in his work on Libel and Slander (b), and by the Court of Exchequer in *Green v. Butten* (c), and is now finally overruled by the case of *Lumley v. Gye* (d). That was an action by the manager of a theatre against the manager of a rival house for inducing a singer to break her engagement with him. Of course he had a remedy against the singer herself upon her agreement, and an attempt was made to frustrate the action by means of the doctrine above alluded to. The Court of Queen's Bench, however, decided against it, and stated the true import of the case of *Vicars v. Wilcocks*, in accordance with the explanation previously given by Mr. Smith (e). The

(x) *Handlip v. Padwick*, 5 Ex. 685.

(y) A simple illustration of this rule will be found in the case put by James, L. J., of the bailee of a key carelessly allowing it to fall into the possession of a man who commits a burglary, and by means of the key opens a box containing valuable property. *Re United Service Co., Johnston's Claim*, L. R. 6 Ch. at p. 218; 40 L. J. Ch. at p. 288. Other recent illustrations will be found in *Blagrove v. Bristol Water Works Co.*, 1 H. & N. 369; 26 L. J. Ex. 57; *Cahill v. Dawson*, 3 C. B. N. S. 106; 26 L. J. C. P. 253; *Collins v. Care*, 4 H. & N. 225; 28 L. J. Ex. 204; affirmed in Ex. Ch. 6 H. & N. 131; 30 L. J. Ex. 55; *Sully v. Duranty*, 3 H. & C. 270; 33 L. J. Ex. 319. The defendant will necessarily be liable where the act of the third party is not wrongful, and is the natural result of his own illegal act. *Clark v. Chambers*, 3 Q. B. D. 327; 47 L. J. Q. B. 427.

(z) 8 East, 1; 2 Sm. L. C. 506, 10th ed.

(a) 2 B. & P. 284.

(b) 3rd ed. 326.

(c) 2 C. M. & R. 707.

(d) 2 E. & B. 216; 22 L. J. Q. B. 463, followed and affirmed, *Bowen v. Hull*, 6 Q. B. D. 333; *Temperton v. Russell*, [1893] 1 Q. B. 715; 62 L. J. Q. B. 300. See *Allen v. Flood*, [1898] A. C. 1; 67 L. J. Q. B. 119, in which the above cases were discussed. *Exchange Co. v. Gregory*, [1896] 1 Q. B. 147; 67 L. J. Q. B. 262.

(e) 2 Sm. L. C. 516, 10th ed.

facts of that much-discussed case were as follows. The defendant, in conversation with various persons, *but not* with either A. or B., accused the plaintiff of maliciously cutting his cord. This charge was repeated both to A. and B. The plaintiff was at the time in the service of A., who in consequence of what he heard, wrongfully dismissed the plaintiff before his time was out. He then applied to B. for employment, who refused, both on account of what he had heard, and because his former master had discharged him for the offence imputed to him. Upon this evidence the plaintiff was nonsuited. A rule to set aside the nonsuit was refused. Lord Ellenborough said that the special damage must be the legal and natural consequence of the words spoken, otherwise it did not sustain the declaration: and here it was an illegal consequence; a mere wrongful act of the master, for which the defendant was no more answerable than if, in consequence of the words, other persons had afterwards assembled and seized the plaintiff and thrown him into a horse-pond, by way of punishment for his supposed transgression. As to the second point, it was plain that B.'s refusal to employ the plaintiff proceeded rather from his dismissal by A. than from the defendant's words. It is evident that this case may well stand upon two grounds:—1stly. That the dismissal of the plaintiff by A. was not the natural or necessary consequence of the defendant's language, but a mere act of spontaneous caprice; 2ndly. That the result did not, in fact, spring from the defendant's having used the words, but from the repetition by those who heard them (*f*).

The latter ground raises a question which has been much discussed, whether a person who utters a slander can ever be liable for the results which follow, not from what he has said, but from the repetition by another of what he has said. In other words, whether such a repetition is such a natural and necessary consequence of the original slander, as to make the slanderer liable for any evil that may ensue upon it.

Liability of person who utters a slander for its repetition,

(*f*) See further the criticisms upon this case in *Lynch v. Knight*, 9 H. of L. Ca. 577; 2 Smith's L. C. 512, 10th ed. Lord Wensleydale, alluding to the *ad absurdum* case put by Lord Ellenborough of the plaintiff being thrown into a horsepond, said that he could conceive circumstances under which that might be the natural result of an accusation of the plaintiff made to an excited mob. It frequently followed in Paris during the prevalence of the spy mania, substituting the Seine for a horse-pond.

when authorized by himself,

or uttered to one whose duty it is to report it ;

not when repetition voluntary.

Voluntary repetition of slander.

It is clear that he will be so liable if he has himself authorized or suggested the repetition of the statement. As, for instance, where the defendant orally communicated to a newspaper reporter a defamatory story respecting the plaintiff, which he said would make a good case for a newspaper. And so where certain poor-law guardians, while discussing a case which was before them, said that they were glad to see reporters present, and hoped that they would take notice of the case (*g*). He will also be liable if he utters the slander before a person whose official position in respect to the person slandered renders it his duty to report upon the charges made, and to have them inquired into (*h*). In either of these cases, any result that follows must or ought to have been contemplated by the originators of the libel. It is like the case of the man who threw the squib into a crowd, of whom one after the other, in self-defence, threw it off themselves till it lit upon and injured the plaintiff (*i*). But it is different where the repetition of the words is the independent act of the hearer, who was neither incited nor bound to pass them on. In such a case it has been held, in the well-known case of *Ward v. Weeks*, that the injury which follows from the repetition is too remote to be a ground of damage. Such a spontaneous and unauthorized communication cannot, it is said, be considered the necessary consequence of the original uttering of the words. It is the voluntary act of a free agent, over whom the defendant had no control, and for whose acts he was not answerable, that was the immediate cause of the plaintiff's damage (*k*).

An attempt was made to bring a case within the authority of *Kendillon v. Maltby* under the following circumstances. The defendant in presence of the plaintiff's wife uttered abuse of her, accusing her of unchastity. The wife repeated this to her

(*g*) *Adams v. Kelly*, Ry. & Mood. 157 : *Parke v. Prescott*, L. R. 4 Ex. 169 ; 88 L. J. Ex. 105 : *Whitney v. Moignard*, 24 Q. B. D. 630 ; 59 L. J. Q. B. 324 : where it was held to be a relevant avowment, that the defendant knew that the statement made by him in one newspaper would be re-published in others.

(*h*) *Kendillon v. Maltby*, 1 Car. & M. 403 : *Derry v. Handley*, 16 L. T. N. S. 263.

(*i*) *Scott v. Shepherd*, 2 W. Bl. 892 ; 1 Sm. L. C. 438, 10th ed., per Bowen, L.J., *Ratcliffe v. Evans*, [1892] 2 Q. B. at p. 530 ; 61 L. J. Q. B. 535.

(*k*) *Per Tindal, C.J., Ward v. Weeks*, 7 Bingh. 211 : *Holwood v. Hopkins*, Cro. Eliz. 787 : *Bree v. Marcseau*, 7 Q. B. D. 434.

husband, and he in consequence left her. She then sued for the slander, charging the husband's leaving her as special damage. The husband was joined as first plaintiff for conformity. It was contended that it was her duty as wife to repeat the charges against her to her husband. The Court held that there was no such duty, but that it was a mere voluntary act, for which, on the authority of *Ward v. Weeks*, the defendant could not be held responsible. Wilde, B., said, "If moral obligations or considerations of duty to repeat slanders are to be the tests, if such are to be substituted for the authority by the utterer to repeat his words, necessary to render him liable, the question of liability will be involved in inextricable confusion, and it will be difficult to say where the action of slander will stop" (1).

I do not imagine that by these words Wilde, B., meant to throw any discredit on the doctrine of *Kendillon v. Maltby*, but merely to intimate that the duty to repeat a slander must be clearly made out, and not rested on sentimental considerations of honour or morality. The question is, when a person utters an accusation, is he bound to suppose it will be repeated? He is bound to suppose it, when he suggests its repetition, or makes it to a person whose clear official duty it is to take action upon the statement: otherwise not. In the case of *Parkins v. Scott*, it is plain that the last person who could have been expected to repeat the scandal was the wife, and the last person to whom she could have been expected to repeat it was her husband.

Voluntary repetition of slander.

The later case of *Riding v. Smith* (m) seems, at first sight, hardly reconcilable with the dicta in *Ward v. Weeks*. There the plaintiff was a grocer and draper, who was assisted in his business by his wife. The incumbent of the parish was about to read himself in, and on the way to the church the defendant, in presence of three or more persons, used words imputing to the plaintiff's wife the commission of adultery with the incumbent on the plaintiff's premises. The declaration contained three counts. The first charged the words as being an injury to the plaintiff's credit. The second as being an injury to the

Riding v. Smith.

(1) *Parkins v. Scott*, 1 H. & C. 153; 31 L. J. Ex. 331.

(m) 1 Ex. D. 91; 45 L. J. Ex. 281. See as to this case, *Ratcliffe v. Evans*, [1892] 2 Q. B. at p. 534; 61 L. J. Q. B. 535.

Voluntary
repetition of
slander.

wife's credit. The third as being an injury to the plaintiff's trade. The last count alone was brought by the husband in his own right. In the two former husband and wife joined. At the trial the two first counts were struck out. "The action then remained in substance not slander, but an action by the plaintiff, a trader, carrying on business, founded on an act done by the defendant, which led to loss of trade and customers by the plaintiff" (n). No evidence was given that any of the persons who heard the statement had ceased to deal with the plaintiff, or that any particular persons had ceased to deal with him, but it was shown that a general falling off of his business had taken place, for which the plaintiff was unable to account, except as a consequence of the statement. The plaintiff got a verdict for 40s., which was upheld by the Court. It was admitted that the first two counts, being for slander of the wife, could not be maintained without proof of special damage, which would have to be established by showing that particular persons had ceased to deal with the plaintiff. But it was held that no such evidence was necessary where the statement was one calculated to injure a shopkeeper in his trade, whether such statement was in itself defamatory, or was merely the assertion of a fact, such as that one of his shopmen was suffering from scarlet fever, which would operate to prevent people coming to the shop. So far all was clear enough. But the difficulty upon the authority of *Ward v. Weeks* arose in this way. It did not appear that the persons who heard the statement ever had been, or ceased to be, customers of the plaintiff. Any injury that he suffered must therefore either have arisen from some other cause, or from their unauthorized repetition of what they had heard, and it was argued that for this the defendant could not be answerable. Pollock and Huddleston, BB., expressly maintained the decision in *Ward v. Weeks*. The former appeared to distinguish it on the ground that in the case before them the loss was the natural result of the words uttered, while in *Ward v. Weeks* it was not so. But the dictum in *Ward v. Weeks* seems to go the full length of holding that loss can never be the natural result of words uttered, where it has been caused, not by their being spoken

(n) *Per Kelly, C.B., 1 Ex. D. 93; 45 L. J. Ex. 281.*

but by their being repeated. Perhaps the distinction may be that pointed out by Martin, B., in *Dixon v. Smith* (o) : viz., that where the action is not maintainable without proof of special damage, there the suit is really brought for the special damage which is the gist and essence of the action. Therefore the plaintiff must fail, unless he can prove that the particular damage of which he complains was caused by the defendant. This he cannot do, merely by showing that the defendant said something, which somebody else wantonly repeated. But where the words are actionable without special damage, then the defendant's liability exists antecedent to any repetition ; and proof of the damages which followed upon such repetition is merely a mode of assessing a penalty which has been already incurred. On the other hand, if the dictum in *Ward v. Weeks* is sustained to its full extent, it is difficult to see why a man should be responsible for the consequences following from the repetition of his words, when those consequences are used as measuring the damages arising from his wrongful act, though he would not be responsible for the very same consequences, if they are used for the purpose of making his act wrongful. In other words, the principle is, that a man is only responsible for the natural consequence of his own acts. Where words spoken are not actionable without special damage, and the only special damage has arisen from their repetition, it is held that the repetition is not a natural consequence of the speaking of the words. Where the words are actionable without special damage, is not the repetition of them equally a non-natural consequence of the speaking ; and if so, why should the defendant be liable to pay for what, *ex hypothesi*, he had no right to expect ?

In *Riding v. Smith*, Kelly, C.B., took a different line from his learned colleagues. He said (p) : " I hope the day will come when the principle of *Ward v. Weeks*, and that class of cases, shall be brought under the consideration of the Court of last resort, for the purpose of determining whether a man who utters a slander in the presence of others is not responsible for

Ward v. Weeks
doubted by
Kelly, C.B.

(o) 5 H. & N. 450 ; 29 L. J. Ex. 125. And see to the same effect by Bramwell, L.J., in *Bree v. Marecaux*, 7 Q. B. D. at p. 437, referring to a decision of Maule, J.

(p) 1 Ex. D. 94.

all the natural effects which will arise from those persons going about and repeating the slander, though without any express authority on his part." Certainly, if that is natural which is in conformity with human nature, every one who utters a slander may be perfectly sure that it will be repeated. If he wishes to make the repetition certain, he has only to impose a pledge of secrecy on his hearers.

Cases where
wrong to A. is
an injury
to B.

Questions as to remoteness of damage arise in another class of cases, which present some analogy to those just discussed. I refer to those cases in which a wrong done to one person affects another who was not a party to the original transaction. If A. breaks his contract with B., or inflicts some harm on B., the result may be most hurtful to C. But C. cannot in general sue A. Not in the former case, because he was not privy to the contract (*q*). Not in the latter case, because, although he may have suffered the *damnum*, it was B. who suffered the *injuria* (*r*). But there is another class of cases, of which *Langridge v. Lery* (*s*) was the first, where a person commits a fraudulent act, with the intention of influencing the conduct of others. A common instance is the case of fraudulent representations (*t*). The law in such cases has been laid down as follows: "First, every man must be held responsible for the consequences of a false representation made by him to another, upon which that other acts, and, so acting, is injured or damaged; secondly, every man must be held responsible for the consequences of a false representation made by him to another, upon which a third person acts, and, so acting, is injured or damaged, provided it appear that such false representation was made with the intent that it should be acted upon by such third person, in the manner that occasions the injury or loss. But, thirdly, to bring it within the second principle, the injury must be the immediate and not the remote consequence of the

Fraudulent
representa-
tions acted on
by others.

(*q*) See *Dickson v. Reuter's Telegraph Co.*, 2 C. P. D. 62; 46 L. J. C. P. 197; *Le Lierre v. Gould*, [1893] 1 Q. B. 491, overruling *Cann v. Willson*, 39 Ch. D. 39; 57 L. J. Ch. 1034.

(*r*) See *Simpson v. Thompson*, 3 App. Cas. 279, and p. 289. See *Insurance Co. v. Hadden*, 13 Q. B. D. 706; 53 L. J. Q. B. 252.

(*s*) 2 M. & W. 519; 4 M. & W. 337. See the cases collected, 2 Sm. L. C. 92, 10th ed., and the case itself discussed in *Heaven v. Pender*, 11 Q. B. D. 503, at pp. 511 and 516.

(*t*) As to what representations are fraudulent, see *Peck v. Derry*, 14 App. Cas. 337; 58 L. J. Ch. 864.

representation thus made" (*u*). Hence, if such a false representation is made in order to influence others to act in one particular way, the maker of it cannot be answerable if they act upon it in quite a different way. For instance, the prospectus of an intended company is issued in order to invite persons to accept allotments of shares. If it contains fraudulent statements or omissions, any allottee or original shareholder, who has been defrauded by it, has a right of action against those who issued the prospectus. The measure of damages in such an action will be the loss actually suffered in consequence of the fraud. If the shares had no value whatever, except that which was given to them by the fraudulent statement, then the entire amount paid for them will be recoverable, though at the time of the purchase they had an actual price on the Stock Exchange. If they had some real value, then the measure of damages will be the difference between the price paid for them, and what would have been a fair price under the real circumstances of the company. If the plaintiff had re-sold the shares, the price which he received would necessarily be deducted, and would of course be evidence of their actual worth (*v*). But, as soon as the shares are allotted, the object of the prospectus is over. If persons who have read it, and conceived a high opinion of the company in consequence, go into the market and buy shares, they cannot hold those liable who sent forth the prospectus. In other words, it suggested to the public to do one thing, and the persons who complain of it have done another (*w*). The rule, however, that the object of a prospectus of an intended company is limited to the purpose of securing the allotment of shares, is founded on a presumption of fact, and not of law, and may be negatived. Where a company published a prospectus containing a false statement as to the gold bearing character of a mine, and after allotment published a false telegram to the same effect, and a person who had seen the prospectus, but had not applied for an allotment,

Fraudulent representation acted on in a way not intended.

(*u*) *Barry v. Croskey*, 2 Jo. & H. 1, 23; approved by Lord Cairns, L. R. 6 H. L. 412. See *New Sambre Phosphate Co. v. Erlanger*, 5 Ch. D. 73; affirmed 3 App. Cas. 1218; 48 L. J. Ch. 73.

(*v*) *Twyer v. Grant*, 2 C. P. D. 469; 46 L. J. C. P. 636; *Sulliran v. Mitcalfe*, 5 C. P. D. 455; *Davidson v. Tulloch*, 3 Macq. H. L. C. 783; *Arkwright v. Newbold*, 49 L. J. Ch. 684.

(*w*) *Perk v. Gurney*, L. R. 6 H. L. 377, 410; 43 L. J. Ch. 19.

afterwards saw the telegram, and under the influence of both statements purchased the shares, the company was held liable for the resulting loss to him. The jury found that both prospectus and telegram were parts of one continuous fraud, which was intended to induce the public to purchase their shares and not merely to apply for allotments (x). So if the property of a company is made to appear of a fictitious value, for the purpose of stimulating a sale of the shares, this would be a fraud upon those who were thereby induced to purchase, but as between those members of the company who were cognisant of the fraud, the statement would not be conclusive as establishing what the real value of the property might be (y).

Result to
strangers of
breach of
contract.

Again, if A. breaks his contract with B., C. cannot of course sue him upon the contract for any harm resulting to himself. But he may sue him if he has suffered damage from some wrongful or negligent act, which amounts to a breach of duty towards himself, independently of the contract. For instance, a railway company owes a duty to its passengers, which equally exists whether the passenger who has been injured purchased the ticket or had it purchased for him (z). Here the duty was stated to arise from the defendants' position as a carrier under the custom of the realm. Where there is no such common law obligation, the extent of the liability, and the principle on which it rests, appear not to be quite settled. A gas-fitter, who did his work negligently, was made liable for the damages suffered by a person who was injured by an explosion, but who was a stranger to the contract. Lopes, J., said, "I think the plaintiff's right of action is founded on a duty which I believe attaches in every case where a person is using or dealing with a highly dangerous thing, which, unless managed with the greatest care, is calculated to cause injury to bystanders. To support such right of action, there need be no privity between the party injured and him by whose breach of duty the injury is caused, nor any fraud, misrepresentation, or concealment; nor need what is done by the defendant amount to a public

(x) *Andrews v. Mockford*, [1896] 1 Q. B. 372; 65 L. J. Q. B. 302.

(y) *Ex parte Taylor*, 14 Ch. D. 390; 49 L. J. Ch. 457.

(z) *Marshall v. F. N. & B. Ry. Co.*, 11 C. B. 655; 21 L. J. C. P. 34; *Poulkes v. Met. District Ry. Co.*, 5 C. P. D. 157. So also as to passengers' luggage, *Meux v. Gt. E. Ry.*, [1895] 2 Q. B. 387; 64 L. J. Q. B. 657.

nuisance. It is a misfeasance independent of contract" (a). In a later case the defendant, a dockowner, was in the habit of receiving ships for repair, and of supplying the staging necessary for that purpose. The contract was made with the shipowner, and through a defect in the staging a workman employed by a ship-painter was injured. It was held that the defendant was liable for the injuries that he received. Brett, M.R., laid down the general proposition "that whenever one person is by circumstances placed in such a position with regard to another, that every one of ordinary sense who did think would at once recognise that if he did not use ordinary care and skill in his conduct with regard to those circumstances, he would cause danger of injury to the person or property of the other, a duty arises to use ordinary care and skill to avoid such danger." Cotton and Bowen, L.JJ., declined to adopt this wide proposition, but rested the defendant's liability upon the ground "that all those who came to the vessels for the purpose of painting, and otherwise repairing them, were there for business in which the dockowner was interested, and must be considered as invited by the dockowner to use the dock and all appliances provided by the dockowner as incident to the use of the dock. To these persons the dockowner was under an obligation to take reasonable care that at the time the appliances provided for immediate use in the dock were provided by him, they were in a fit state to be used" (b). If the suit had been by the shipowner, he could not have recovered for the expense of settling an action against himself by the workman, as the workman could not have succeeded in such an action, as it was found as a fact that the shipowner had not been guilty of negligence (c). But if in such a case the master could have discovered the defect by the exercise of reasonable care, the workman has a good cause of action against him, and if the master settles the claim he can recover the amount from the person who supplied the defective article, as damages resulting from the breach of warranty (d).

(a) *Parry v. Smith*, 4 C. P. D. 325, at p. 327; 43 L. J. C. P. 731.

(b) *Heaven v. Pender*, 11 Q. B. D. 508, at pp. 509, 515; *Cann v. Willson*, 39 Ch. D. 39; 57 L. J. Ch. 1034; *Elliott v. Hall*, 15 Q. B. D. 315; 54 L. J. Q. B. 518; *Caledonian Ry. Co. v. Mulholland*, [1898] A. C. at p. 226; 67 L. J. Q. B. 1.

(c) *Kiddle v. Lorett*, 16 Q. B. D. 605.

(d) *Mowbray v. Merryweather*, [1895] 2 Q. B. 640; 64 L. J. Q. B. 517. See *Vogan v. Oulton*, 15 Times L. R. 33.

When costs of former actions are recoverable.

It frequently happens that one person is forced to incur expenses in legal proceedings in consequence of a breach of contract, or tortious act of another. It is often a matter of considerable nicety to know whether costs so incurred can be recovered as damages against the offending party. The solution of the question depends upon the rules laid down above as to remoteness of the damage ; but I have preferred for greater clearness to discuss the subject separately.

Decision of the original Court final.

In the first place, it is a general principle that the right to costs must always be considered as finally settled in the Court where the question is adjudicated on, to which that right is accessory ; so that, if any costs are awarded, nothing beyond the sum taxed, according to the rules of the Court, can be recovered as damages ; or if costs were expressly withheld by an adjudication in the particular case, none would be recoverable by suit in any other Court (*e*). Accordingly, where A. filed a bill for specific performance, to compel B. to carry out a contract for the sale of land to him, and the bill was dismissed without costs according to the practice in Chancery, because B. could not make out a good title, it was ruled that these costs could not be recovered as damages for breach of contract in an action by A. against B. (*f*). And similarly, where a judgment was set aside for irregularity, but without costs, and the plaintiff afterwards brought an action for seizing his goods under the judgment, he was not allowed to recover as special damages the costs of setting it aside (*g*). But for this purpose, it is necessary that there should be an actual adjudication against the plaintiff's right to costs. A. having been illegally arrested on meane process, applied to the Court for his discharge. The rule was referred to a Judge at Chambers, who ordered him to be released, and would have given him the costs of the rule, if he had undertaken not to bring an action. On his refusal, no order was made

An actual decision is necessary.

(*e*) *Hathaway v. Barrow*, 1 Campb. 151 : *Sinclair v. Eldred*, 4 Taunt. 7 : *Jenkins v. Biddulph*, 4 Bingh. 160 : *Grace v. Morgan*, 2 Bing. N. C. 534 ; overruling *Sandback v. Thomas*, 1 Stark, 306 : *Doe v. Hare*, 2 Dowl. 245 : *Symonds v. Page*, 1 C. & J. 29 : *Doe v. Filliter*, 13 M. & W. 47, 49 ; overruling *Gould v. Barratt*, 2 M. & Rob. 171 : *Cockburn v. Edwards*, 18 Ch. D. 449 : *Quartz Hill Co. v. Eyre*, 11 Q. B. D. 674. See, however, *Agius v. G. W. Colliery Co.*, *post*, p. 95 (*n*).

(*f*) *Malden v. Fyson*, 11 Q. B. 292

(*g*) *Loton v. Derereux*, 3 B. & Ad. 343.

as to costs. He then brought an action of false imprisonment, and it was held that he was entitled to recover those costs as special damage. The case was distinguished from the last cited; for there the order had been made absolute without costs: here, the judge had made no adjudication upon the point (h).

The reason of this rule appears to be that costs are, in theory, supposed to be a compensation for the expenses justly and properly incurred in the action. Therefore, any costs incurred beyond those allowed must be assumed to have been unnecessary; and where costs have been refused, it must be assumed that they were refused on account of some fault in the party to whom they were denied; in either case they would be too remote to be a ground of damage against a third person. Accordingly, they were refused under the following circumstances: The plaintiff deposited railway shares with a bank, which left the full control over its securities to the manager. He sold the shares and forged the plaintiff's name to the transfer deed. On discovering this fraud the plaintiff filed a bill against the transferee and the railway company for a cancelment of the transfer and for the issue of new certificates. He succeeded in his suit, but he was refused costs, the Court being of opinion that he had conduced to the result by his own negligence. He then sued the bank for these costs. The Court held that the failure to recover these costs, or any ascertainable or separate portion of them, could not be said to have followed naturally or directly as a consequence of the neglect of the company. Lord Justice James seems to have put this on two grounds. First, that although the bank might have been negligent in the mode of keeping their securities, and therefore would have been liable for the costs of an action of detainue brought to recover them, if lost, this negligence was not the proximate cause of the plaintiff's loss. The real cause was the manager's forgery. "Suppose the bailee of a key carelessly allowed the key to fall into the possession of a man who committed a burglary, and by means of that key opened a box which contained valuable property. It is scarcely possible to

Reason for rule.

Former costs too remote.

(h) *Pritchett v. Boerey*, 1 C. & M. 775. See as to sums paid to secure release, *Clark v. Woods*, 17 L. J. M. C. 189; *Norton v. Monckton*, 11 Times L. R. 242. A plaintiff obtaining a verdict in prohibition, cannot recover the cost of the proceedings in the court below as damages under 1 Will. 4, c. 21, s. 1. *White v. Steele*, 12 C. B. N. S. 413 note; 32 L. J. C. P. 1.

hold that the negligence of the bailee with regard to the key would be followed by responsibility for the loss of every article obtained by the burglar through the instrumentality of the key." But, secondly, and this was, of course, conclusive, he pointed out that one of the reasons why the plaintiff had been refused his costs in the equity suit was, that he himself had unconsciously helped the manager to commit the fraud; the costs, therefore, were not the result of the bank's negligence, but in a much nearer degree of his own (*i*).

When costs as between attorney and client may be allowed.

There seem to be two exceptions to the rule that full costs, as between attorney and client, cannot be allowed as damages. The first is rather an apparent than a real exception. It relates to cases where costs could not be taxed; for instance, where judgment obtained by the defendant had been reversed in error, in which case a Court of Error could not award costs (*j*). And so where judgment had gone by default in the old action of ejectment, when it was not the practice for the officers to tax against the casual ejector (*k*). The other exception is where the plaintiff has a right to an indemnity; there it has been laid down by Lord Tenterden, "that he is not indemnified unless he receives the amount of the costs paid by him to his own attorney" (*l*). This distinction seems to be a just one; where the obligation to repay costs is thrown by the law upon a party against his will, it is fair that he should only repay those costs which the law has itself allowed; but where he has expressly undertaken to save harmless, every expense, whether taxed or not, may be justly recoverable (*m*). It must be stated, however, that *Smith v. Compton* was not a case of express, but of implied indemnity, arising out of a covenant for good title to convey: the plaintiff had defended an action brought against him by a party with superior title. It may be a question whether, upon the facts of the particular case, the same decision would be arrived at again.

(*i*) *Re United Service Co.*, L. R. 6 Ch. 212; 40 L. J. Ch. 286.

(*j*) *Nowell v. Roake*, 7 B. & C. 404. Now the Court of Appeal can award costs, and they usually follow the event. Ord. 58, R. 4; L. R. 1 Ch. D. 41.

(*k*) *Doe v. Huddart*, 2 C. M. & R. 316.

(*l*) *Smith v. Compton*, 3 B. & Ad. 407.

(*m*) *Sparks v. Martindale*, 8 East, 593, 596: *Lloyd v. Mostyn*, 2 Dowl. N. S. 476: *Howard v. Lovegrove*, L. R. 6 Ex. 43; 40 L. J. Ex. 13.

Costs of maintaining a former action, will, of course, never be recoverable, where the plaintiff might have obtained full satisfaction for the wrong done him without entering upon the suit, and where the costs were incurred for some merely collateral purpose. Hence where the plaintiff, in an action against the vendor of land, for not carrying out his contract, claimed as damages the extra costs of a bill for specific performance, Tindal, C.J., said, "The extra costs in Chancery are not a damage which is a necessary consequence of the breach of this contract. The filing a bill for a specific performance is one degree removed from a consequence of the contract, and the plaintiff must take the consequence of the suit as in other cases" (n). So in an action of trespass for taking goods under a warrant of attorney and judgment, which were afterwards set aside as illegal, the costs of setting aside the judgment were not allowed (o). This rule, and its limitation, were well explained in a later case. The plaintiff had been committed to prison for manslaughter by a coroner's warrant. He was admitted to bail, and subsequently got the inquisition, under which he had been committed, quashed. It was held that in an action against the coroner he might recover as special damage the cost of quashing the inquisition. Lord Campbell, C.J., said, "If the plaintiff had been discharged on a habeas corpus instead of being admitted to bail, and had afterwards got the inquisition quashed, I should have thought that he could not have included the costs of quashing in his damages, according to *Holloway v. Turner*. There the object was to recover damages for seizing and selling the goods which he might have done without setting aside the judgment. But here, he was only released from prison upon giving bail to appear and take his trial. He was still liable to surrender on his own recognizances, and was not a perfectly free man till he had got rid of the inquisition. By doing that he was restored to his original state, but until then the effects of the wrongful imprisonment were not done away with. Therefore this is damage which flowed from the wrongful act of the defendant" (p).

Costs not allowed when action for collateral purpose.

(n) *Hodges v. Litchfield*, 1 Bingh. N. C. 492.

(o) *Holloway v. Turner*, 6 Q. B. 928. See, as to damages for taking judgment contrary to agreement, a Scotch case discussed in the *Law Times*, vol. ciii., p. 146.

(p) *Forall v. Barnett*, 23 L. J. Q. B. 8; 2 E. & B. 928.

Nor when he
had no real
defence.

Costs incurred
unnecessarily
cannot be
recovered.

As a further consequence of the principle, that costs of suit must be the necessary result of the defendant's misconduct, it follows that they can never be allowed for where the plaintiff had no *locus standi* in law in the former action. Where this is the case, all costs were clearly incurred in consequence of his own obstinacy or ignorance. "No person has a right to inflame his own account against another, by incurring additional expense in the unrighteous resistance to an action which he cannot defend" (*q*). The question in these cases is, whether the plaintiff, in defending the action, did what a reasonable man would do under similar circumstances where he had no other judgment but his own to resort to. And accordingly, where the plaintiff's ship had been run down by the defendant, and the plaintiff had been forced to employ a steam-tug, the owners of which claimed as salvage 150*l.* and commenced a suit in the Admiralty Court; the plaintiff paid in 20*l.* and was adjudged to pay 45*l.* more; held that he could not recover the costs of this suit against the defendants; and Parke, B., said it was like the case of repairs, in which it has been held that if the party chooses to stand the consequence of an action by the tradesman for the value of the repairs, he cannot charge the expense of that upon the party who did the original wrong, which made the repairs necessary (*r*). Accordingly, where a bill, accepted by the plaintiff, was deposited with the defendant, as security for a loan, and he after the loan was repaid indorsed the bill to a third party, who on its dishonour arrested the plaintiff, only the value of the bill was allowed in an action against the defendant, and not the cost of the arrest, as he ought to have paid it when due (*s*). And so in a similar case, where the plaintiff had defended the action (*t*). And the rule is the same, though the plaintiff is accommodation acceptor, who has been sued on his acceptance, and is now suing the accommodation drawer (*u*). So in a case in which the plaintiff guaranteed A. that defendant would upon demand pay A.

(*q*) *Short v. Kalloway*, 11 A. & E. 29; *Ronneberg v. Falkland Islands Co.*, 17 C. B. N. S. 1; 34 L. J. C. P. 34; *Godwin v. Francis*, L. R. 5 C. P. 295; *Pow v. Davis*, 1 B. & S. 220; 30 L. J. Q. B. 257: or, by an unsuccessful appeal, *Vogan v. Oulton*, 15 Times L. R. 33.

(*r*) *Tindall v. Bell*, 11 M. & W. 228, 232.

(*s*) *Roach v. Thompson*, 4 C. & P. 194.

(*t*) *Blendon v. Charles*, 7 Bingh. 246.

(*u*) *Beech v. Jones*, 5 C. B. 696. The contrary doctrine was assumed

whatever should from time to time be due. A demand was made upon defendant, and upon non-payment, a writ issued against plaintiff for the amount, this being the first notification he received. He allowed judgment to go by default, and execution was levied upon his goods. It was decided, that he might recover against the defendant the costs of the writ, but not of any other proceeding. That was the only expense to which he was necessarily put, as he was supposed by law to have the money ready, without the process of execution (*x*).

This case seems to overrule a decision of Lord Hardwicke's who allowed in such an action the costs of an extent issued by the Crown against a surety, which he had contested for some time. In answer to the objection that the debt was improperly disputed, he said, "I know of no such distinction." He also relied upon the fact that an extent is both an action and execution, and said that the surety could not be supposed prepared to pay the claim immediately (*y*). Where, however, two sureties had entered into a warrant of attorney, to secure the debt of their principal, and upon his default judgment was entered upon the warrant, and execution issued against one surety, who had to pay the debt and the costs of the execution, it was decided that he might recover half of the costs against his co-surety (*z*). This is quite consistent with the previous cases, because very possibly the execution was the first notice he received that his liability was about to be enforced.

In the cases just mentioned the resistance made to the original proceeding was not only ineffectual but useless and therefore improper. But there is another class of cases, where the defence is maintained only for the purpose of ascertaining the existence of a liability which is fairly disputed, or the extent of a liability which is previously undefined. The person against whom the claim is made would be acting properly in going to trial, or at all events letting judgment go by default, and having damages assessed upon a writ of enquiry. Suppose another person is liable to him upon what is substantially the same cause of action; can he recover against the last-named

Costs of
defending
action where
liability is
undefined.

in *Jones v. Brooke*, 4 Taunt. 464 : *Stratton v. Mathews*, 3 Ex. 48; but the rule laid down in the text seems clearly to be correct.

(*x*) *Pierce v. Williams*, 23 L. J. Ex. 322.

(*y*) *Ex parte Marshall*, 1 Atk. 262.

(*z*) *Kemp v. Finden*, 12 M. & W. 421.

*Hammond v.
Bussey.*

person the costs which he has incurred in ascertaining the extent of his liability, or whether he is liable at all? The law upon this point was much discussed in various cases which have been supposed to conflict with each other (*a*), but which have been reviewed and restored to some sort of harmony in the more recent case of *Hammond v. Bussey* (*b*). There the defendant was a coal merchant and the plaintiff was a shipping agent, part of whose business was, and was known by the defendant to be, the supply of coal to steamships calling at Dover. The plaintiff purchased from the defendant a quantity of coal described as "steam-coal" for the purpose of reselling it as coal fit for use in steamers. He then entered into a contract with the owners of certain steamships to supply them with coal, the contract being such as would have been satisfied if the defendant had fulfilled his agreement. The plaintiff's sub-vendees made a claim against him on account of the bad quality of the coal. He communicated with the defendant, proposing that he should co-operate in the defence, and consent to be bound by the verdict. The defendant refused to have anything to do with the action, but supplied the plaintiff with various certificates tending to show that the coal was equal to warranty. The sub-vendees succeeded in their action, on the ground that the coal was not reasonably fit for use as steam coal on board ships. The plaintiff then sued the defendant to recover not only the damages obtained by his sub-vendees but the costs of defending the action. The judge found that the plaintiff had acted reasonably in defending the former action, and that he was entitled to be repaid his costs by the defendant. This judgment was upheld by the Court of Appeal. They said that the case came within the first and second rules in *Hadley v. Baxendale* (*c*), and that it did not depend on the existence of any contract of indemnity, express or implied, between the original vendor and vendee. The defendant knew that the coal was bought for resale for steamer use. He must have reasonably contemplated that if it was unfit for use the sub-vendees would threaten an action. The plaintiff, who knew little or nothing

(*a*) *Mors le Blanch v. Wilson*, L. R. 8 C. P. 227, 233; 42 L. J. C. P. 70; *Baxendale v. L. C. & D. Ry. Co.*, L. R. 10 Ex. 35; 44 L. J. Ex. 20; *Fisher v. Val de Travers Asphalt Co.*, 1 C. P. D. 511; 45 L. J. C. P. 479.

(*b*) 20 Q. B. D. 79; 57 L. J. Q. B. 58.

(*c*) *Ante*, p. 12.

about the coal, would then apply to him for information, and would be guided as to his future conduct by the answers given. If it was admitted that the coal was unfit for use, he would not defend at all, or, if he did defend, would do so at his own risk. But if, as actually happened, he was assured that the coal was good, it would be a proper thing for him to defend the action, and the natural result of his doing so, and failing, would be that he would have to pay costs, which again ought fairly to be repaid to him, as being part of the sequence of events which might reasonably have been contemplated (*cc*).

In *Mors le Blanch v. Wilson* (*d*) the owner of a ship sued the charterer for delay which had been caused by the neglect of the consignee of goods to take delivery from the charterer. In an action by the charterer against the consignee, it was held that he might recover, not only the damages he had been compelled to pay to the owner, but also the costs he had incurred in defending the action. The jury found that the defence was a reasonable one.

This was in direct conformity with *Hammond v. Bussey*. Fry, L.J., pointed out, however (*e*), that the case had been supposed to establish "two propositions, one being that the costs could be recovered in such a case, where the action was reasonably defended; the other that they could be recovered, though the action was unreasonably defended, if the incurring of such costs had been of use as leading to the assessment of the damages which could be recovered over against the defendants." He doubted whether the latter proposition had been decided by *Mors le Blanch v. Wilson*, but if it was, he did not agree with the decision, as he did not see how the verdict as to the damages in one action could be binding as an estoppel in the other. This was the ground of the decision in *Baxendale v. L. C. & D. Ry. Co.* (*f*). There Harding had entrusted two pictures to Baxendale for carriage to Paris, and Baxendale

(*cc*) In a very similar case the above ruling was followed to the extent of allowing the plaintiff extra costs, *Agius v. G. W. Colliery Co.*, [1899] 1 Q. B. There, the plaintiff in the second action had paid 20*l.* into Court as defendant in the first action, and succeeded in showing that this amount was sufficient, and recovered his costs. The difference, not paid in the first suit, was allowed him in the second.

(*d*) 1*l.* R. 8 C. P. 227; 42 L. J. C. P. 70.

(*e*) 20 Q. B. D., p. 101.

(*f*) L. R. 10 Ex. 35; 44 L. J. Ex. 20.

handed them over to the railway company for transmission over part of the distance. The defendants dropped the parcel into the sea and thereby damaged it. When Harding sued the plaintiff he wrote to the defendants, asking whether they would defend the action, or authorise him to do so on their account. The defendants declined to have anything to do with it, as they denied their legal liability, upon which the plaintiff wrote again, stating that he would hold the defendants liable for the damages that might be recovered, and the costs which he might incur from defending the action. The only defence which could be raised, both by the plaintiff and by the railway company, arose under the Carriers Act, as to which the plaintiff was repeatedly advised that it afforded no defence. He also set up some special pleas arising out of his own position as forwarding agent. The result was that Harding recovered a verdict of 650*l.* for the value of the pictures (he had claimed 1,000*l.*) and costs. The plaintiff then sued to recover this sum and his own costs, and those paid by him to Harding in the former action. The only difference arose as to the costs. The Exchequer Court considered that the case came within "the rule laid down, or rather acted upon in *Mors le Blanch v. Wilson*, according to which a jury are to give such costs as were reasonably incurred by the plaintiffs in the action against them, either in defending the action or otherwise ascertaining the amount of liability." They said, "It is true that we think the defence under the Carriers Act could not be successfully set up; but still we are of opinion that it was quite justifiable on the plaintiff's part not only to have the amount of liability established by a jury, but also to put forward the Carriers Act as a ground of defence, as the defendants to the last insisted upon it." This decision was reversed by the Exchequer Chamber. The judges were of opinion that the defence was not a reasonable defence. It was without any foundation in law, and there was no authority from the defendants, either express or implied, to set it up. The result was that the costs claimed were not the proximate consequence of the defendants' breach of duty. This of course was a perfect and sufficient ground for their judgment. The judges, however, seemed to consider that their decision was opposed to that of *Mors le Blanch*, and to doubt whether the cases were distinguishable

or whether that of *Mors le Blanch v. Wilson* should be overruled.

This case was followed in a later case of *Fisher v. Val de Travers Asphalt Company (g)*. There a Tramway Company contracted with Fisher to construct a tramway, and Fisher contracted with the defendants to lay asphalt. The defendants did their work so badly that one Hicks was injured. He sued the Tramway Company, and Fisher undertook the defence. The defendants refused to interfere. Fisher settled the claim by paying 70*l.* damages and 40*l.* costs. He also incurred 18*l.* for his own costs. He then sued the defendants for the three sums. The jury found that he acted reasonably in compromising the claim. The 70*l.* was allowed, but the claim for costs was disallowed on the authority of *Bazendale v. London, Chatham, and Dover Railway*, cited above, though Brett, J., said: "But for the case referred to, I must confess I should have been unable to see any distinction between the damages and the reasonable costs of ascertaining their amount. But I cannot help thinking that the question is concluded by the decision in *Bazendale v. London, Chatham, and Dover Railway*, and that, assuming the damages paid to the person injured to be the direct and natural consequence of the defendants' breach of contract, yet the costs of ascertaining the proper amount of those damages are not sufficiently direct, however reasonably incurred." Lord Coleridge, C.J., also thought that the case was concluded by authority, but he said: "Are the defendants to be liable to three sets of costs, because the actions may have been reasonably defended? If they are, the consequences may be serious. If not, at which link of the chain are the costs to drop out? It would be extremely difficult to lay down any principle upon which it could be said that one set of costs would be reasonable, and another not." In *Hammond v. Bussey*, Lord Esher, M.R., said of this decision (*h*): "I must admit, after the discussion that has now taken place, that I doubt whether, when that case came before the Court, I did quite correctly appreciate what was decided and what was not in the case of *Bazendale v. London, Chatham, and Dover*

(g) 1 C. P. D. 511; 45 L. J. C. P. 479.

(h) 20 Q. B. D. p. 92; 57 L. J. Q. B. 58.

Railway Co. Assuming that I did not in that case take an altogether correct view of the decision in *Barendale v. London, Chatham, and Dover Railway Co.*, and therefore gave a wrong reason for the decision there, that could have no effect upon the true meaning of the previous decision ; and it by no means follows, that because a reason given for the decision in *Fisher v. Val de Travers Asphalt Co.* was wrong, that therefore the decision itself was wrong. It is unnecessary; however, now to discuss that question."

The result appears to be, that damages and costs stand on the same footing, and that the question to be answered as to each is, whether they were incurred by one party, as the natural and reasonably contemplated result of the wrongful act of the other party. But that it is not a proper thing to raise an unreasonable defence to an action, merely in order to obtain a verdict as to the amount of damages which will not bind the party who is ultimately liable.

New practice for settling liability as to all parties interested.

Under the system of procedure recently introduced, a defendant who claims to be entitled to contribution or indemnity over against a third person, can, on obtaining proper leave, give notice to the latter so as to enable him to dispute the plaintiff's claim as against the defendant. If he does not do so, he will be deemed to admit the validity of a judgment obtained against the defendant by consent or otherwise, and his own liability to contribute or indemnify, as the case may be, to the extent claimed in the third party notice (i). A jury, in considering whether the defendant took a reasonable course in defending an action, would take into consideration the opportunity which he had under the new practice of avoiding costs himself, by putting the person from whom he claims indemnity or relief in a position to defend the action.

False assertion of authority by agent.

One who professes to contract as agent for another must, unless there be something in the transaction to rebut the implication, be taken to warrant that the authority, which he professes to have, does in fact exist ; and if he has no such authority, he is liable to make good to the person who enters into the contract upon the faith of his being duly authorised, all the damage which is the natural and proximate consequence

(i) Ord. 16, R. 48 to 53.

of the false assertion of authority (*k*). This will include the costs of unsuccessful legal proceedings taken by such person against the supposed principal for the purpose of enforcing performance of the contract or recovering damages for its breach; if at least it was reasonable under the circumstances of the case that such proceedings should be taken, or if the professed agent was made aware of the litigation and sanctioned it, either expressly, or by allowing it to be continued without avowing his want of authority (*l*). And though it may be imprudent in some cases to commence proceedings without warning him of the course which it is intended to pursue, it is not essential that he should be consulted, it being a question for the jury in each case whether the complaining party exercised due caution under all the circumstances of the case, and whether the legal proceedings were reasonably adopted (*m*).

Damages
include costs.

Conversely, no action will lie against a person who has made a false representation of authority, for which he would otherwise be liable, if, notwithstanding the falsity of the representation, the plaintiff is in a position to enforce all the rights he would have had, if the representation were true; *a fortiori* not, if in point of fact he has enforced them. For the cause of action arises not from the false statement alone, but from the injury which has accrued to the person who cited upon it. This is at once the ground of liability, and the measure of damages (*n*).

It must be observed that a person who makes such an untrue statement of authority is equally liable whether he *bonâ fide* believed in that which he alleged, or actually knew it to be

What false
statement is
actionable.

(*k*) *Collen v. Wright*, 7 E. & B. 301; 26 L. J. Q. B. 147; affirmed in Ex. Ch. 8 E. & B. 647; 27 L. J. Q. B. 215, *post*, p. 350. Where the principal for whom the defendant professed to be authorised to contract is insolvent, the damages will possibly be nil. *Per* Blackburn, J., *Richardson v. Williamson*, L. R. 6 Q. B. at p. 279; 40 L. J. Q. B. 145; and *per* Honyman, J., *Weeks v. Propert*, L. R. 8 C. P. 439; 42 L. J. C. P. 129.

(*l*) *Collen v. Wright*, *ubi supra*; *Randell v. Trimen*, 18 C. B. 786; 25 L. J. C. P. 807. And see the cases cited, *post*, p. 350.

(*m*) *Hughes v. Graeme*, 33 L. J. Q. B. 335; *Collen v. Wright*, 7 E. & B. at p. 314; 26 L. J. Q. B. at p. 151, *per* Crompton, J.; *Godwin v. Francis*, L. R. 5 C. P. at p. 306; 39 L. J. C. P. at p. 125, *per* Bovill, C.J.; and *see post*, p. 351.

(*n*) *Beattie v. Lord Ebury*, L. R. 7 Ch. 777; affirmed in principle, L. R. 7 H. L. 102; 44 L. J. Ch. 20.

false (*o*). For the basis of the liability is that another has accepted, and acted upon his statement as true. But for this purpose the representation must be one of fact, and not of law. Because a statement of fact induces the person to whom it is made to dispense with inquiry. But a statement of law is merely an expression of opinion, and every one is bound either to know the law himself, or to take the usual steps for satisfying himself upon it (*p*). And on the same principle misrepresentation does not exist when each party is perfectly cognisant of the true state of affairs (*q*), or where the untrue statement has not been the operating motive upon the mind of the other party (*r*).

Case of
defendant's
conduct
exposing
plaintiff to
injunction.

The above cases are merely special illustrations of the general principle, that where the wrongful act of one person places another in a position in which he necessarily or reasonably has recourse to law, the costs incurred by the former will be recoverable from the latter. Accordingly where the defendant had employed the plaintiff to manufacture fire bricks for him marked with what was, to the knowledge of the defendant, but not of the plaintiff, an infringement of the trade mark of another maker, who, in consequence, filed a bill in Chancery against the plaintiff for an injunction and account; the plaintiff compromised the suit in Chancery, and brought an action against the defendant to recover the amount which he had paid, and the costs to which he had been put. It was objected on demurrer to the declaration that the plaintiff having acted innocently, might have successfully defended the suit. But the Court of Queen's Bench were of opinion that the proceedings in Chancery were well founded, and, therefore, that the plaintiff had a good cause of action for his costs and expenses; and Crompton, J., with the acquiescence of Hill, J., went so far as to say, "if the natural consequence of the act of the defendant is to plunge the plaintiff into a Chancery suit,

(*o*) *Collen v. Wright*, 8 E. & B. 657; *Weeks v. Propert*, L. R. 8 C. P. 427, 437; 42 L. J. C. P. 129.

(*p*) *Rushdall v. Ford*, L. R. 2 Eq. 750; *Beattie v. Lord Ebury*, L. R. 7 Ch. 777, 802; 44 L. J. Ch. 20; *Eaglesfield v. Londonderry*, 4 Ch. D. 693. See as to what is a statement of law, *per* Jessel, M.R., 4 Ch. D. at p. 702.

(*q*) *Per* Lord Hatherley, L. R. 7 H. L. 130; *Eaglesfield v. Londonderry*, 4 Ch. D. 693.

(*r*) *Clapham v. Shillito*, 7 Beav. 149.

whatever the result may be, I am not prepared to say that that would not be a sufficient damage to ground an action at law" (s).

Similarly, a landlord, being entitled to recover from his tenant all the loss which he may sustain by not being put in possession of the premises at the end of the term, can recover the costs of ejecting an undertenant who holds over, though it be against the will of the tenant (t); and where a tenant held over, and an action was consequently brought against the landlord by a person to whom he had agreed to let the premises in the ordinary way, the landlord was held entitled to recover from the old tenant the damages and costs which he had to pay the new tenant, and likewise his own costs of defending the action up to a point which was found to be reasonable (u).

Tenant holding over.

There are several cases in which it appears to have been laid down as a general rule, that where goods are sold with a warranty by A. to B., and B. resells with a similar warranty to C., who sues and recovers against him for breach of warranty, B. may recover against A. not only the costs and damages he had to pay C. in the former action, but also his own costs incurred in defending it (x). But it has been pointed out by Parke, B. (y), that *Lewis v. Peake* was decided on the ground, that the plaintiff was not aware at the time he sold the horse, that the warranty was not complied with. Accordingly, where plaintiff had purchased a horse of the defendant with a warranty of soundness, and sold it with a like warranty to J. S., and the horse turning out unsound, J. S. brought an action against him, which he defended, and failed; the jury having found that the plaintiff ought to have discovered that it was unsound, at the time he sold it to J. S., it was held that he was not entitled to recover as specific damages the costs incurred by him in defending the former action (z). Because these costs arose, not from the breach of warranty by the defendant, but from his own carelessness in giving a similar warranty again.

Case of warranty and re-sale.

Of course in all such cases as those above mentioned, the

(s) *Dixon v. Fawcett*, 3 E. & E. 537; 30 L. J. Q. B. 137. See, too, *Ex parte Carr*, 11 Ch. D. 62; 48 L. J. Bkcy. 69.

(t) *Henderson v. Squire*, 2 L. R. 4 Q. B. 170.

(u) *Bramley v. Chenterton*, 2 C. B. N. S. 592; 29 L. J. C. P. 23.

(x) *Lewis v. Peake*, 7 Taunt. 153; *Mainwaring v. Brandon*, 8 Taunt. 202; *Pennell v. Woodburn*, 7 C. & P. 117. See *ante*, p. 95.

(y) 10 M. & W. 255.

(z) *Wrightup v. Chamberlain*, 7 Sco. 598.

Costs allowable when defence sanctioned.

defendant in the second action will be liable for the costs of the first, if he has advised or sanctioned a defence being set up ; because by directing a defence he has admitted that there were reasonable grounds for defending (a). And it would seem that slight evidence upon this point may warrant a jury in finding that the defence was sanctioned. A. sued B. in an action, in which B. would have a remedy over against C. ; B. gave notice to C. of the nature of the action, and called on him to come in and defend it. This C. refused to do, but did not forbid a defence being taken. B. suffered judgment by default, and put A. to the proof of his claim, at the writ of inquiry. It was held that there was evidence to go to the jury that C. had sanctioned the defence, and the jury having included these costs in the damages in the action by B. against C., the Court refused a new trial (b).

And in another case, silence on the part of the defendant in the second action, when written to by the defendant in the first action for instructions how to act, was considered a sanction of the defence to the first action (c).

But not when action brought for plaintiff's own wrong.

In no case can the costs of defending an action be recovered when that action is brought, not merely for the wrongful act of the defendant in the second action, but also for some wrongful act of the original defendant himself. Covenant by assignee of lease containing covenant to repair, against lessee who had covenanted with him that he had repaired ; breach that he had not repaired, in consequence of which, plaintiff, who had himself assigned over with a similar covenant, had been sued by his assignee, and forced to pay £120 to settle. The jury in the second action found that the plaintiff had only been damaged by the breach of defendant's covenant to the extent of 50*l*. On leave reserved to add the costs plaintiff had incurred in the former action, the Court held, that as the amount paid in it was greater than that found by the jury to have been the damage caused by the defendant's non-repair, the difference must be taken to have been damage caused by the plaintiff's own non-repair. This being so, the defence of the action brought against him by his assignee, and the costs so

Costs not recoverable when arising from plaintiff's own default.

(a) *Williams v. Burrell*, 1 C. B. 402 ; *Howes v. Martin*, 1 Esp. 162.

(b) *Blyth v. Smith*, 5 M. & G. 405.

(c) *Rolph v. Crouch*, L. R. 3 Ex. 44 ; 37 L. J. Ex. 8.

incurred, were not the necessary consequence of the defendant's breach of contract (*d*). Accordingly several cases have decided, that where A. leases to B. with covenants, as for instance to repair, and B. makes an under-lease to C. with covenants similarly worded, and C. neglects to repair in consequence of which A. sues B.; B. in his action against C. can only recover as damages the loss caused by the breach of covenant, and not the costs of the former action (*e*). In all these cases the covenants, even when identical in words, were really different in substance, because a general covenant to repair is construed to have reference to the condition of the premises at the time when the covenant begins to operate, and when the leases are granted at different times, the covenants would vary substantially in their operation, and different amounts of damages would be recoverable (*f*). But in the case in the C. B. Maule, J., said that, even if the covenants were identical in their effect, still where A. had broken his covenant entered into with B., the loss must be considered to result from that breach, and not from the breach of an independent covenant entered into by A. with C., though for the same object. In all these cases the proper course for the plaintiff would have been to pay the proper amount when demanded before action (*g*), or suffer judgment by default (*h*).

Cases like those just mentioned, in which a party merely covenants to do a particular thing, are different from those in which he covenants to indemnify some one else against the consequences of his not doing it. In the latter case "the defendants would be responsible, unless they had put themselves into the same condition as the plaintiffs, and saved them from all harm, and amongst other things from the costs of the action brought against them; and if the plaintiffs had desired to be so secured, they might have made themselves safe by taking a covenant of indemnity against any breach of the

Cases of
indemnity.

(*d*) *Short v. Kallway*, 11 A. & E. 28.

(*e*) *Penley v. Watts*, 7 M. & W. 601; *Walker v. Hatton*, 10 M. & W. 249; *Logan v. Hall*, 4 C. B. 598; overruling *Neale v. Wyllie*, 3 B. & C. 533.

(*f*) *Per Parke, B.*, 10 M. & W. 258; *Pontifex v. Foord*, 12 Q. B. D. 152; and see *Basendale v. L. C. & D. Ry. Co.*, L. R. 10 Ex. 35; 44 L. J. Ex. 20, *ante*, p. 95.

(*g*) 10 M. & W. 258.

(*h*) *Smith v. Howell*, 6 Ex. 730.

Cases of indemnity.

covenants in the original lease" (i). And the reason of this distinction is obvious on referring to the doctrine which is the foundation of all damages, viz., that they must be the natural result of the wrong alleged. A covenant to repair involves no other obligation than simply that the premises should be repaired. Breach of the covenant entails no other injury than that resulting from the disrepair, the measure of which is the sum of money necessary to restore things to the state in which they should have been kept. But a covenant to indemnify at once leads the mind to contemplate ulterior consequences, the most obvious of which is the risk of an action against the party indemnified, for the non-performance of duties, which the party indemnifying has taken upon himself. Accordingly, in an action on a separation bond, by which the trustee indemnifies the plaintiff against debts incurred by his wife after separation, the husband was allowed to recover not only the debt, but the costs of an action against him. And it is not necessary to give the surety notice of the first action: but if notice is given to him, and he refuse to defend the action, in consequence of which the person to be indemnified is obliged to pay the demand, that is equivalent to a judgment, and estops the other party from saying that the defendant in the first action was not bound to pay the debt (k). And full costs as between attorney and client will be allowed (l). Even in such cases, however, the costs to be recoverable must be necessarily incurred. A man has no right, merely because he has an indemnity, to defend a hopeless action, and put the person guaranteeing to a useless expense (m). And although the indorser of a bill of exchange is in a certain sense a surety for the acceptor, there is no such privity between them as will enable the indorser, who has been forced to pay the bill, to recover against the acceptor re-exchange, much less costs incurred by him in action on the bill (n).

The same principle applies where a person authorises another

(i) *Per Parke, B.*, 7 M. & W. 609.

(k) *Duffield v. Scott*, 3 T. R. 374 : *Jones v. Williams*, 7 M. & W. 493.

(l) *Smith v. Compton*, 3 B. & Ad. 407 : *Howard v. Loregrove*, L. R. 6 Ex. 43 ; 40 L. J. Ex. 13.

(m) 10 M. & W. 259 : *Gillett v. Rippon*, 1 M. & M. 406 : *Knight v. Hughes*, *ibid.* 247.

(n) *Dawson v. Morgan*, 9 B. & C. 618.

to do an act in his name, and indemnifies him against the consequences. Thus, where a landlord authorised a broker to distrain, and undertook to indemnify him against all costs and charges in respect of any law expenses or actions that might arise or be brought against him, and the broker distrained in a perfectly regular way, but the tenant brought a vexatious and groundless action against him which he defended, and the tenant was non-suited, the broker was held entitled to recover from the landlord the costs of defending the action. It was urged that the landlord only bound himself to indemnify against the costs of actions which might be brought on the ground that there was no right of distress, but it was considered that the indemnity extended to all actions to which the broker might be subjected, except for actual misconduct or default of himself or his servants (*o*).

Cases of indemnity.

So where an execution creditor pointed out to the sheriff a wrong person as his debtor, and the sheriff arrested him and was then sued for the wrongful arrest, and defended the action without communicating with the creditor; it was held that the sheriff could only recover these costs in an action against the creditor, if the defence of the action by him without communication with the creditor was a reasonable course to take under the circumstances, and that whether it was so or not was a question for the jury (*p*).

The last point upon which we need remark is where the first action is against two jointly, and the second is brought by one of the two alone. An instance of this sort occurred where two were indicted for a conspiracy. It was held that if one employed an attorney he might, in an action for malicious prosecution, properly charge the costs of defending both, because each was interested in the acquittal of the other. But if each had a distinct defence, as, for instance, if one alone proved an *alibi*, it was said that the case might be different. There, however, the costs would be easily severable, and the jury would be bound to consider how they should be borne (*q*).

Costs of action against two.

(*o*) *Ibbett v. De la Salle*, 6 H. & N. 233: 30 L. J. Ex. 44.

(*p*) *Culdbek v. Bown*, 7 Ir. Rep. C. L. 32.

(*q*) *Rowlands v. Samuel*, 11 Q. B. 39.

Time to which
damages
assessed.

Not allowed
before cause
of action
arose.

III. The next subject of inquiry relates to the period of time in reference to which damages may be assessed.

It is of course quite clear that no damages can be given on account of anything before the cause of action arose. Therefore where the plaintiff claimed damages for not grinding at his mill from 2 Jac. I. to the 12 Jac. I., and at the same time showed that his title to the mill dated from 11 Jac. I., general damages being given for the plaintiff, the judgment was arrested (*r*). And similarly where the declaration stated that the defendant on the 3rd of August caused the plaintiff's meadow to be overflowed, whereby he lost all the use and profit of it from the 2nd of July (*s*).

Rule where
damage has
arisen since
action
brought.

Cases of much greater difficulty often arise when the question is up to what time, subsequent to the cause of action, damages may be assessed. Whether they must be limited by the commencement of the action, or may be calculated up to time of verdict, or to an indefinite period afterwards. The result of these decisions seems to be, that damages arising subsequent to action brought, or even to the date of verdict, may be taken into consideration, where they are the natural and necessary result of the act complained of, and where they do not themselves constitute a new cause of action (*t*). Hence, where an action was brought by a master for an injury to his apprentice, he was allowed to receive such damages as would compensate him for the loss of service during the remainder of the term ; for such subsequent loss could never form the ground of a fresh action, the action being founded not upon the damage only, but upon the unlawful act and the damage (*u*). And, on this principle, where a plaintiff who had recovered in a previous action for assault and battery, brought a fresh action upon another piece of his skull coming out, it was held that the former recovery was a bar ; Holt, C.J., said, " Every new dropping is a new nuisance, but here is not a new battery, and in trespass, the grievousness or consequence of the battery is not the ground of the action, but the measure of damages, which the jury

(*r*) *Harbin v. Green*, Hob. 189.

(*s*) *Prince v. Moulton*, Lord Raym. 248.

(*t*) See as to the meaning of a "continuing cause of action" under Ord. 36, R. 58, of the Supreme Court Rules, 1883. *Hole v. Chard Union*, [1894] 1 Ch. 293 ; 63 L. J. Ch. 469.

(*u*) *Hodwell v. Stallebrass*, 11 A. & E. 301, 305.

must be supposed to have considered at the trial" (*v*). This doctrine has been applied in some very recent cases. In one, the facts were, that the defendant had excavated up to the borders of his own mine, and then made an aperture in the plaintiff's, through which water continued to flow into the mine of the latter. It was held, first, that there was no legal obligation upon the defendant to fill up the aperture so made, and that the leaving it open did not amount to a continuing nuisance; secondly, that a recovery in a former action for making the aperture barred all consequential damages from its remaining open (*w*). So where the plaintiff driving his cab was run into by the defendant's vehicle, it was held that the injury to the cab and the injury to the plaintiff himself were distinct causes of action. The plaintiff might have united both in the same action, and if he had done so a recovery of damages would have been final, and would have barred a fresh suit for any subsequent loss to himself arising from either cause of action. But he was not bound to do so, and therefore a recovery of damages for the injury to the cab was not a bar to a subsequent action for the personal injuries resulting from the collision (*x*). Similar questions often arise in cases where a person by digging, mining, building, or the like, affects the plaintiff's land or house in such a manner as to produce injurious consequences, which manifest themselves at a later period. Here it is now settled, that all subsequent or recurring damage arising out of any particular cause of action may be assessed, and can only be recovered in a suit brought upon that cause of action. If the act which causes the damage is in itself unlawful, as for instance, a trespass upon the plaintiff's land, or an injury to the plaintiff's house, then it is the cause of action (*y*). If it is lawful in itself, as for instance some act done by the defendant on his own land, which becomes unlawful by the injury it produces to the plaintiff, the injury,

Subsequent
damage, when
allowed for.

(*v*) *Fetter v. Beale*, 1 Salk. 11. *Per* Bowen, L.J., *Brunsdon v. Humphrey*, 14 Q. B. D., p. 148; 53 L. J. Q. B. 476; *per* Ld. Halsbury, *Darley Main Colliery Co. v. Mitchell*, 11 App. Ca. 132; 55 L. J. Q. B. 529; *per* Ld. Bramwell, *ibid.*, p. 144.

(*w*) *Clegg v. Dearden*, 12 Q. B. 576.

(*x*) *Brunsdon v. Humphrey*, 14 Q. B. D. 141; 53 L. J. Q. B. 471, *per* Lord Bramwell, 11 App. Ca., p. 144; 57 L. J. Q. B. 529; *Serrao v. Noel*, 15 Q. B. D. 549; *Macdougall v. Knight*, 25 Q. B. D. 1.

(*y*) *Spear v. Green*, L. R. 9 Ex. 99; 43 L. J. Ex. 57, *per* Lord Halsbury, 11 App. Ca., p. 132.

and not the lawful act which led to the injury, is the cause of action. If the owner of land by working out his own minerals deprives his neighbour of the support to which he is entitled for his land, the latter has a cause of action as soon as any subsidence results from the working. All damage, actual or prospective, arising from that subsidence must be claimed in that action. But if a new subsidence follows from the same working which led to the first subsidence, this is a new cause of action, and not a subsequent damage arising out of the first cause (z), and it may be sued for as such, provided the defendant is the person, or is liable for the acts of the person, whose original act brought about the new result (a). The same rule applies where a person is authorised to do an act which will injuriously affect another upon paying compensation (b); or where a statute gives a magistrate summary power to award compensation for an unlawful act (c). The receipt of compensation is full satisfaction in respect of the act for which it is awarded.

Repudiation
of contract.

A similar principle is applied to contracts to be performed at a future time. If before the time for performance arrives one party absolutely and definitely repudiates the contract, the other party is entitled either to wait till the time arrives, and then bring his action, or to treat the contract as broken, and sue for the breach at once. In the latter event he will be entitled to such damages as would have arisen from the non-performance of the contract at the appointed time. "But in assessing the damages the jury will take into consideration whatever the plaintiff has done, or has had the means of doing, and, as a prudent man, ought to have done, whereby his loss has been, or would have been diminished" (d).

(z) *Mitchell v. Darley Main Colliery Co.*, 14 Q. B. D. 125; 53 L. J. Q. B. 471; affd. 11 App. Ca. 127; 55 L. J. Q. B. 529; following *Backhouse v. Bonomi*, 9 H. L. C. 503; over-ruling *Nicklin v. Williams*, 10 Ex. 259; 23 L. J. Ex. 335, and *Lamb v. Walker*, 3 Q. B. D. 389; 47 L. J. Q. B. 451; acc. *Crumbie v. Wallsend Local Board*, [1891] 1 Q. B. 503; 60 L. J. Q. B. 392. See *Ecclesiastical Commissioners v. N.E.R. Co.*, 4 Ch. D. 845; 47 L. J. Ch. 20; and *Gibbs v. Guild*, 9 Q. B. D. 59, as to the effect of fraud or concealment upon the operation of the Statutes of Limitations.

Greenwell v. Low Beechburn Co., [1897] 2 Q. B. 165.

Great Laxey Mining Co. v. Clague, 4 App. Ca. 115.

Right v. London General Omnibus Co., 2 Q. B. D. 271; 46 L. J.

l.

per Cockburn, C. J., *Frost v. Knight*, L. R. 7 Ex. 111; 41 L. J. Ex. 678; *owing Hochster v. De la Tour*, 2 E. & B. 678; 22 L. J. Q. B. 455;

In suits against attorneys for breach of duty, the negligence is the cause of action, and not the consequential injury (e); no fresh suit can be brought upon the accrual of fresh loss; hence it follows that in such cases the jury may give as damages, not only what has been, but what may naturally be, the result of the wrong complained of, for otherwise there would be no redress. Negligence of attorneys.

In all actions upon contracts for a principal sum and interest, both shall be included in the judgment up to the time when the plaintiff is entitled to sign it; for the interest is an accessory to the principal, and he cannot bring an action for any interest grown due between the commencement of his action and the judgment in it (f). And this is the invariable practice in actions on bills of exchange and other debts which carry interest (g). Interest.

As an instance of probable future loss being taken into consideration, I may mention a case where the agreement was, that the defendant should appoint the plaintiff to the command of one of his ships, which was chartered by the East India Company for two voyages. It appeared that it would be discretionary with the Company to allow him to command on the second voyage; but they generally permitted such appointments to be renewed. It was held that the jury might give damages for the loss of both voyages, though the time for the second had not yet arrived (h). Probable future loss.

The rule in all these cases seems to be, that general evidence of matter accruing subsequent to the action may be used for the purpose of showing what was the natural and probable result of the defendant's conduct; but that particular facts are not admissible, as a specific ground of damage to be atoned Evidence of specific damage after action.

Cherry v. Thompson, L. R. 7 Q. B. 573; 41 L. J. Q. B. 243; *Syngé v. Syngé*, [1894] 1 Q. B. 466; 63 L. J. Q. B. 202. See as to the application of this doctrine to leases or other contracts containing various stipulations, not going to the whole consideration for the contract, *Johnstone v. Milling*, 16 Q. B. D. 460; 55 L. J. Q. B. 162; as to the extent to which the plaintiff is bound to take steps to diminish the damage which will flow from the defendant's breach of contract, see the remarks of Kelly, C.B., in *Brown v. Muller*, L. R. 7 Ex. at p. 322, and of Brett, J., in *Roper v. Johnson*, L. R. 8 C. P. 167, at p. 181; 42 L. J. C. P. 65.

(e) *Short v. McCarthy*, 8 B. & A. 626; *Howell v. Young*, 5 B. & C. 259.

(f) *Johnson v. Bland*, 2 Burr. 1087.

(g) 2 Wms. Saund. 171 d. n. (g). 2 Wms. Notes to Saund. 499.

(h) *Richardson v. Mellish*, 2 Bing. 229.

for on their own account. Hence, in an action of libel against a master of a ship, as to his way of business, evidence was received of the falling off in the profits of his next voyage, although it took place four months after action brought; this being merely a mode of estimating the damage likely to flow from the publication of the libel (*i*). But in another case of libel, it was held that evidence could not strictly be given of a specific result, such as the arrest of the plaintiff subsequent to the commencement of the suit, in consequence of the defamatory words; if, however, no objection was made by defendant's counsel, it might fairly be left to the jury as showing the probable effects of the libel, and would perhaps prevent a second action (*k*).

Damage not recoverable, where

On the other hand, where the damages subsequent to the commencement of the action are not the necessary result of the alleged wrong, or where they might be the foundation of a fresh action, they cannot be included in the verdict of the jury.

subsequent injury not necessary result of defendant's act,

The first point was the ground of the decision in *Hambleton v. Veere* (*l*), where the action was for procuring the plaintiff's apprentice to depart from his service, and for the loss of his service for the whole residue of the term of his apprenticeship, which had not yet expired. General damages were given and judgment arrested. Here it was not the inevitable result of the defendant's act that the apprentice should continue permanently absent, because possibly he might return (*m*). And so where the declaration was against an apprentice for going away before his time, whereby the plaintiff lost his services for the said term, which was also unexpired (*n*). This case would also have been open to the second objection, viz., that a fresh action would lie against him for every day he remained absent, the contract being by deed, which remained binding on both parties, notwithstanding a single breach of covenant (*o*).

or ground of new action.

Upon the second ground many cases have been decided. A

(*i*) *Ingram v. Lawton*, 8 Sco. 471.

(*k*) *Goslin v. Curry*, 8 Sco. N. R. 21.

(*l*) 2 Wms. Saund. 170 : 2 Wms. Notes to Saund. 491.

(*m*) See *per* Littledale, J., 11 A. & E. 305. And so *Lewis v. Peachey*, 1 H. & C. 518; 31 L. J. Ex. 496.

(*n*) *Horn v. Chandler*, 1 Mod. 271 : *Lewis v. Peachey*, *ubi supra*.

(*o*) 11 A. & E. 304.

plain application of the rule was in a case where, upon the execution of a writ of inquiry against the defendant for necessities supplied to his sons, the jury took into consideration goods furnished up to a date after the writ of inquiry (*p*). So where in an action for false imprisonment, damages were given for a continuance of the imprisonment after the commencement of the action (*q*); for every instant of detention without just cause is a new capture (*r*). In cases, too, of nuisances and continued trespasses upon land, as each instant the nuisance or trespass is continued is a fresh ground of action, it is clear the jury could not formerly give damages beyond the commencement of the existing suit (*s*). This rule is now somewhat modified by Ord. 36, r. 58, which provides that "where damages are to be assessed in respect of any continuing cause of action, they shall be assessed down to the time of assessment" (*t*). Where, however, the original act done was itself a trespass, but is done by a person or body who are protected by statute from any suit for anything done under their powers, unless brought within a particular time "after the act done," no suit can be brought for any continuance of such trespass; nor any consequential damage resulting from it after the period of limitation (*u*). It would follow, then, that damages in the first action ought to constitute a full satisfaction for any injury that could reasonably and naturally spring from it; for

Nuisances,
and continuing
trespass.

(*p*) *Baker v. Bache*, 2 Ld. Raym. 1382.

(*q*) *Brasfield v. Lee*, 1 Ld. Raym. 329; *Hanbury v. Ireland*, Cro. Jac. 618.

(*r*) *Withers v. Henley*, Cro. Jac. 379.

(*s*) Per Holt, C.J., *Fetter v. Beale*, 1 Salk. 11; *Rosewell v. Prior*, 2 Salk. 460; *Holmes v. Wilson*, 10 A. & E. 503; *Hudson v. Nicholson*, 5 M. & W. 437; *Thompson v. Gibson*, 7 M. & W. 456; *Battishill v. Reed*, 18 C. B. 696; 25 L. J. C. P. 290; *Bankart v. Houghton*, 28 L. J. Ch. 473; 27 Beav. 425. As to cases where the same act gives rise to several causes of action, see *Brunsdon v. Humphrey*, 14 Q. B. D. 141; 53 L. J. Q. B. 471, *ante*, p. 107.

(*t*) A "continuing cause of action" within the meaning of the rule, is a repetition of acts or omissions of the same kind as that for which the action was brought: *Hole v. Chard Union*, [1894] 1 Ch. 293.

(*u*) *Wordsworth v. Harley*, 1 B. & Ad. 391; *Ld. Oakley v. Kensington Canal Co.*, 5 B. & Ad. 138. But where, in such a case, the maintenance of works in an inefficient condition causes a recurring injury to the plaintiff, as, for example, by flooding his colliery in rainy weather, a jury are not to give damages on the assumption that the works will be continued in an inefficient condition; and a continuance of the wrongful act with fresh damages will constitute a fresh cause of action: *Whitehouse v. Fellowes*, 10 C. B. N. S. 765; 30 L. J. C. P. 305.

otherwise an injustice would be done to the plaintiff. And here a curious difficulty might arise; for, although no fresh action can be brought after the period of limitation has run out, there is nothing to prevent a series of actions being brought during this period, since, except as far as the statute interferes, the case would come under the rule as to continuing trespasses laid down above (v).

Damages in
case of con-
tinuing
nuisance.

In fact, the whole law upon the subject of damages in the case of continuing nuisances or trespasses, seems in a very unsatisfactory state. Suppose the defendant to have built a house on the plaintiff's ground, this is a continuing trespass; and as long as it lasts the plaintiff may bring fresh actions, and obtain fresh damages. Indeed he must do so, because it would appear each action can only reimburse him for the loss sustained up to the assessment of damages. The defendant cannot protect himself against this succession of attacks, because even if it were his desire, it is not in his power to enter the plaintiff's land and put an end to the nuisance himself (x). The fair rule in such a case would be, to give the plaintiff such damages as would compensate him for the loss sustained up to the time of verdict, and would pay him for putting the land into its original state. If he chose to leave the trespass after this, it would clearly be because he thought it advantageous to himself; and if so, he ought not to be allowed to sue again. There is one case which is almost in accordance with this view. It was an action on a covenant to repair premises, and judgment for plaintiff on demurrer. The premises had got into worse repair since the commencement of the action, and the jury, in assessing damages, computed the expense the plaintiff had been at in doing repairs which became necessary between action brought and writ of inquiry. The judgment upon this point was affirmed in error (y). It is quite clear in this case that there was a new breach of covenant in allowing the premises to go into worse repair since the issuing of the writ, for which a new action might have been brought, and new damages recovered. The jury, however, took the common sense view of the matter, and gave, as every jury practically does, such

(v) *Holmes v. Wilson, &c.*, ante, note (s).

(x) *Anthony v. Haney*, 8 Bing. 186.

(y) *Shortridge v. Lamplugh*, 2 Ld. Raym. 803.

damages as would reimburse the plaintiff for all loss incurred up to the time the case came under their cognisance.

Where the wrong complained of has involved the plaintiff in a legal liability to pay money to a third party, the amount of this liability may be included in the damages, though not yet paid by the plaintiff (*z*). But it is otherwise where the obligation, though a moral, is not a legal one. Therefore, where the declaration was for wounding the plaintiff's son, whereby the plaintiff had been put to great expense in medicines, &c., for his cure; it was held, that as to the surgeon's bill, the jury were to consider the amount as paid by the plaintiff, since the surgeon could compel the payment of it; but that the physician's fees could not be taken into account, since they had not been actually paid, and he could not enforce them (*a*).

Liability to pay money may be allowed for.

As to the consequence of a declaration claiming on its face damages for a period after action, or before the cause of action arose, see *post*, c. xix.

IV. It now remains to discuss the cases in which evidence may be given in mitigation of damages.

Mitigation of damage

The leading principle upon this question is, that matter which if pleaded would have gone in bar of the action, cannot be given in evidence to reduce damages unless pleaded. Therefore where the action is for wrongfully discharging the plaintiff from the defendant's service, and the defendant only pleads payment into Court, he cannot show, in mitigation of damages, that he discharged the plaintiff for misconduct. In an action of assault against the sheriff, if he pleads not guilty only, he cannot for the same purpose give evidence of his writ (*b*). So where the action was against a captain of a ship for assault and imprisonment, evidence that the plaintiff was one of the crew, and that the acts charged were a punishment for his misconduct, was excluded (*c*). Nor in trover

must be pleaded if possible.

(*z*) *Mason v. Barker*, 1 C. & K. 100, 101 : *Smith v. Howell*, 6 Ex. 730 : *Randall v. Raper*, E. B. & E. 84 ; 27 L. J. Q. B. 266.

(*a*) *Dixon v. Bell*, 1 Stark. 287. Now by 21 & 22 Vict. c. 90, s. 31, physicians, if registered, may recover their fees under a bye-law of the College of Physicians, passed under this section. Fellows of the College are prevented from suing, but this does not extend to members. See *Gibbon v. Budd*, 2 H. & C. 92 ; 32 L. J. Ex. 182.

(*b*) *Speck v. Phillips*, 5 M. & W. 279, 281.

(*c*) *Watson v. Christie*, 2 B. & P. 224. And see *Pujolas v. Holland*, 3 Ir. L. R. 533.

Payment after
action.

can the defendant under not guilty be allowed to set up title in a third party (*d*); nor in trespass, a recovery of damages against a co-trespasser who is not sued (*e*); nor in an action for goods bargained and sold, that there was a false representation as to their quality, without a special plea (*f*). The case of payment which had caused some contradictory decisions when it took place after action brought (*g*), was provided for by two rules of Court (*h*), which enacted, that payment should not in any case be allowed to be given in evidence in reduction of damages or debt, but should be pleaded in bar; and that pleas containing a defence arising after the commencement of the action, might be pleaded together with pleas of defence arising before the commencement of the action (*i*).

Evidence not
to operate as
a cross-
action.

The sole object intended to be effected by allowing this species of evidence, is to arrive on the whole at the real worth of the article furnished, where the action is for the price of goods or the like; or the actual damage resulting in the first instance from the defendant's act. This only ought to be paid for. The admission of the evidence is not allowed to operate as a cross-action for any purpose beyond this. Therefore in an action for the price of a ship, which was not built according to specification, the defendant might show how much less it was worth in consequence of the breach of contract; but he could not show damage resulting from this breach, and the cost of necessary repairs in consequence. This required a separate action (*k*). And so in an action by a broker for money paid for shares, the defendant was not allowed to set up a conversion of the shares by the broker (*l*). Nor can he show quite an independent breach of contract by plaintiff after action brought. Thus in an action against the defendant for

(*d*) *Finch v. Blount*, 7 C. & P. 478.

(*e*) *Day v. Porter*, 2 M. & Rob. 151.

(*f*) *Woodhouse v. Swift*, 7 C. & P. 310.

(*g*) See *Lediard v. Boucher*, 7 C. & P. 1; *Shirley v. Jacobs*, 2 B. N. C. 88; *Richardson v. Robertson*, 1 M. & W. 463.

(*h*) Pl. Rules, T. T. 1853, 14, 22. The present practice is the same. Ord. 24, R. 1.

(*i*) Sec 5 M. & W. 282.

(*k*) *Mundel v. Steel*, 8 M. & W. 858. Now it could be done by a counter-claim.

(*l*) *Francis v. Baker*, 10 A. & E. 642.

not paying for goods at the period agreed on, he could not show in reduction of damages, that the plaintiff, after action brought, had refused to deliver the goods, such delivery not being a condition precedent to his obligation to pay (*m*). Still less can matter completely collateral, and merely *res inter alios acta*, be so used. Hence where the defendant was sued for injuring the plaintiff's ship, or the plaintiff himself by negligence, he could not obtain a reduction of damages on the ground that the plaintiff had recovered from the insurers (*n*). This would be to allow the wrong-doer to pay nothing, and take all the benefit of a policy of insurance without paying the premium. On the same principle it would be no defence in an action against a grantor of an annuity, or any other debtor, that the value of the annuity had been recovered against the plaintiff's attorney in an action for negligence in its negotiation, or that the sheriff had been forced to pay the debt in an action for an escape (*o*). And where a number of plaintiffs sued for damages resulting from the delaying of their ship, it was held to be no ground for reducing the damages that some of these plaintiffs had benefited by getting an increase of passengers in another ship. And the Court said the result would have been the same if there had been only one plaintiff, who was the owner of both ships (*p*).

Collateral matter not admissible to reduce damages.

There are dicta of two eminent judges which seem to contradict this rule. Trover was brought against the purchasers of goods which had been wrongfully sold by the master of the ship. The purchasers pleaded a former recovery by the plaintiffs against the shipowners. It appeared that the latter, in the action against them, had suffered a verdict to the value of the ship and freight under 53 G. III. c. 159, which was far less than the value of the goods sold. Bayley, J., said, "Independently of the statute, the jury were not bound to make the full value of the goods the measure of the damages in the former action; they might reasonably give small damages on the ground that

Conflicting dicta.

(*m*) *Bartlett v. Holmes*, 13 C. B. 630; 22 L. J. C. P. 182.

(*n*) *Yates v. Whyte*, 4 B. N. C. 272; affirmed in *Simpson v. Thompson*, 3 App. Cas. p. 285; *Bradburn v. G. W. Ry. Co.*, L. R. 10 Ex. 1; 44 L. J. Ex. 9.

(*o*) *Hunter v. King*, 4 B. & A. 209.

(*p*) *Jebsen v. E. & W. India Dock Co.*, L. R. 10 C. P. at p. 305; 44 L. J. C. P. 181.

Chance of
recovering
against third
parties.

an action would lie against the purchasers." And Holroyd, J., concurred, saying, "The probability of a recovery in an action against this defendant might keep down the damages on the count of trover. In an action against a sheriff for an escape, small damages are often given on the ground that the debt is not extinguished; and the whole amount may afterwards be recovered, notwithstanding the recovery against the sheriff" (*q*). I apprehend, however, with great submission, that these dicta cannot be relied on. They were quite unnecessary to the decision. That relating to the sheriff is clearly contrary to modern decisions; for it has been expressly ruled that the true measure of damage is the value of the custody of the debtor at the time of the escape, and no deduction ought to be made on account of anything which the plaintiff might have obtained by diligence after the escape (*r*). On principle, too, the doctrine seems equally unsustainable. Every man must pay for the damage caused by his own act. How can this damage be lessened by the fact that the plaintiff might have sued others if he had chosen? The law says, you may exact satisfaction from any one of the parties who have injured you. What right have the jury to say, you shall only get satisfaction by suing all? In cases of tort the law says, damages shall not be apportioned among the wrongdoers (*s*). How can the jury say that they shall? Finally, could any judge leave to the jury, as relevant evidence, facts going to show the collateral liability of other parties? If so, must he not also admit evidence to show that they were not liable, and if liable not solvent, and if solvent out of the jurisdiction? The case seems almost to come to a *reductio ad absurdum*.

Matter subsequent not ground for reducing damages in contract.

Two cases which are frequently cited seem to be reducible to the same rule as to the inadmissibility, in reduction of damages, of intrinsic matter arising subsequent to the cause of action. In one it appeared that the bankrupt had deposited with the defendants, his bankers, a sum of money for the specific purpose of meeting some bills. He was at the time

(*q*) *Morris v. Robinson*, 3 B. & C. 196. 205, 206.

(*r*) *Arden v. Goodacre*, 11 C. B. 371; 20 L. J. C. P. 184. See *post*, p. 482.

(*s*) *Merryweather v. Nisun*, 8 T. R. 186.

indebted to them in a greater amount than the sum deposited. Instead of applying the money as directed, the defendants placed it to his credit with themselves; the bills were dishonoured at maturity, and the action was brought by the assignees in bankruptcy, for breach of the agreement, to recover the money. It was held that they might recover it all; that as soon as the defendants refused to apply the money to the use directed, they were liable to be sued for it in an action for money had and received; that in such an action the fact of his being indebted to them would only be material as entitling them to a set-off; and that as they could not avail themselves of this in answer to an action of special assumpsit, it could not be used in reduction of damages (*t*). In the other case, the bankrupt had given the defendant a bill, drawn by himself for 600*l.*, which the defendant agreed to discount, retaining 100*l.* and the discount. He never paid the bankrupt anything. The action was, as in the former instance, by the assignees in bankruptcy, for breach of the agreement. The jury gave a verdict for 495*l.*, being the amount of the bill, *minus* the 100*l.* and discount at 10*l.* per cent. This was held to be correct, although the bill had become worthless in consequence of the bankruptcy. Pollock, C.B., said, "If this had been an action of trover for the bill, no doubt it would have been altogether a question for the jury as to the amount of damages. So also, if it had been an accommodation bill, or the bankrupt's own bill. But this is not a case of trover, but of breach of contract. The defendant promised to deliver to the bankrupt the amount of the bill, *minus* 100*l.* and discount. The bankrupt would have to receive that sum, and his assignees are entitled to recover the same amount which he would have been entitled to receive, had he continued solvent, by reason of the breach of contract (*u*).

It need hardly be stated that evidence can never be admitted for this purpose which contradicts any established principle of law. For instance, where defendant by *writing* agreed to grant a good and valid lease of premises to the plaintiff, in a suit for breach of this agreement, parol evidence that the plaintiff

Must not conflict with laws of evidence.

(*t*) *Hill v. Smith*, 12 M. & W. 618.

(*u*) *Alder v. Keighley*, 15 M. & W. 117, 119.

Attorney's
bill and
freight are
exceptions to
general rules.

knew that a good title could not be made out, was properly rejected (*x*). Nor is the rule extended to actions for the amount of an attorney's bill (*y*), unless no benefit whatever has been derived from it, nor to actions for freight, although the defendant had been put to considerable expense in consequence of an unauthorised deviation (*z*); or even where the goods had been injured by bad stowage to an extent much beyond the amount of the freight (*a*). These two exceptions seem not to rest upon any principle whatever, but they have been recognised as existing exceptions by the Court of Exchequer (*b*). Where, however, some particular items in an attorney's bill refer to one separable transaction, and can be shown to have been uselessly incurred, they may be resisted on this ground (*c*).

Effect of pay-
ing money
into Court.

There is one case in which Lord Ellenborough held at Nisi Prius, that where goods had been sold to defendant by sample at a stipulated price, and an action of *indebitatus assumpsit* was brought against him, he could not after paying money into Court, insist on any defect in the goods (*d*).—It is submitted, however, that this decision is not law. It could only be founded on the idea that by paying money into Court the defendant admitted his liability upon the particular contract which the plaintiff meant to set up. But it is now settled, after some conflicting decisions, "that this plea amounts to no acknowledgment whatever by the defendant beyond this, that by force of some contract he is bound to pay the plaintiff something on the count for goods sold. But the plaintiff cannot apply that admission to any particular contract which he may wish to select, any more than the defendant" (*e*). In the case referred to, the defendant was clearly liable on a *quantum meruit*, as he had kept the goods. He was not liable on the special contract, as it had been broken, and his plea did not amount to any confession that he was still bound by it.

(*x*) *Robinson v. Harman*, 1 Ex. 850.

(*y*) *Templer v. M'Lachlan*, 2 B. & P. N. R. 136.

(*z*) *Bornmann v. Tooke*, 1 Camp. 377.

(*a*) *Sheels v. Davies*, 5 Camp. 119.

(*b*) 8 M. & W. 871.

(*c*) *Hill v. Featherstonhaugh*, 7 Bing. 569; *Shaw v. Arden*, 9 Bing. 287; *Long v. Orsi*, 18 C. B. 610; 26 L. J. C. P. 127; *Cox v. Leech*, 1 C. B. N. S. 617; 26 L. J. C. P. 125.

(*d*) *Leggett v. Cooper*, 2 Stark. 103.

(*e*) *Per Alderson, B., Kingham v. Robins*, 5 M. & W. 94, 120.

Lastly, a defendant cannot resist, or reduce the amount of a claim upon himself, by raising a question affecting the rights of others, and of the general public, the decision of which has been delegated by the state to a special tribunal constituted for that purpose. For instance, by setting up against the charges of a railway that they were unreasonable, and amounted to an undue preference within the meaning of the Railway and Canal Traffic Act (*f*).

Jus tertii.

Having now cleared away the cases in which evidence is not admissible in reduction of damages, we may proceed to point out those in which it is. Upon this subject the law has undergone considerable change. Formerly where the action was for the agreed price of a specific chattel, sold with a warranty, or of work which was to be performed according to a contract, the defendant was never allowed to give its inferiority in evidence, but was forced to pay the stipulated amount, and reimburse himself by a cross-action. But it is now settled, that whether the action is for the price of a specific chattel (*g*), or of unascertained goods (*h*), sold with a warranty; or is brought on a special contract to pay for goods (*i*) or work (*k*) at a certain price; or upon a *quantum meruit*, for work and labour done, and materials found (*l*); or for the value of the plaintiff's services (*m*); the defendant may show the actual value of the goods, work, services, &c., and reduce the claim accordingly. So when a plaintiff contracts for a fixed sum to do work and find materials, and part of the work is afterwards done by the employer (*n*), or part of the materials are supplied by him, and used by the plaintiff, he is entitled to a deduction to this extent without pleading set-off (*o*). If it is part of the contract between a servant and his master that the former is to pay out of his wages the value of his master's goods, lost by his

General rules as to admissibility of evidence in reduction of damages.

(*f*) *Lancashire & Yorkshire Rly. Co. v. Greenwood*, 21 Q. B. D. 215; 58 L. J. Q. B. 16. This may, however, be matter for a counter-claim. See *post*, p. 318.

(*g*) *Street v. Blay*, 2 B. & Ad. 456; *Parsons v. Serton*, 4 C. B. 899.

(*h*) *Poulton v. Lattimore*, 9 B. & C. 259.

(*i*) *Cousins v. Paddon*, 2 C. M. & R. 547; *Milner v. Tucker*, 1 C. & P. 15.

(*k*) *Chapel v. Hickes*, 2 C. & M. 214.

(*l*) *Basten v. Butter*, 7 East, 479; *Farnsworth v. Garrard*, 1 Camp. 38.

(*m*) *Denew v. Darerell*, 3 Camp. 451; *Baillie v. Kell*, 4 Bing. N. C. 638.

(*n*) *Turner v. Diaper*, 2 M. & G. 241.

(*o*) *Newton v. Forster*, 12 M. & W. 772.

negligence, this amounts to an agreement that the wages are to be paid only after deducting the value of the things lost. Such a state of things may be given in evidence under the general issue, and does not require a plea of set-off (*p*). And so where, by the custom of the hat-trade, the amount of injury sustained by the hats in dyeing was deducted from the dyer's charges, evidence of injury from this cause was admitted in reduction of damages (*q*).

Principle upon which reduction to be made.

Assuming then that in such cases a reduction might be made, a further question arises as to the principle upon which such a reduction should proceed. In the great majority of cases the simple rule has been to allow for the article as much as the jury should find it was worth. But there are two cases in which a different principle was adopted. The one was a contract for supplying a chapel with hot air (*r*); the other was for slating a house (*s*). In both cases the work had not been done according to contract, and it was laid down by Tindal, C.J., and Parke, B., that the measure of reduction should be the necessary cost of making the work conform to the contract. It is evident that this rule differs very much from the former one. A thing may be very valuable in itself, but if it is to be altered into something different, the cost of doing so may absorb its whole price. Which rule is correct? It is suggested that both rules may be so, according to the cases to which they are applied. One important element in this inquiry will be, could the subject-matter of the contract have been returned or not? If it could, then, as the defendant has kept it of his own free will, he ought to pay for it as much as the plaintiff could have sold it for, if he had taken it back; that is, its real value. But there are two cases in which the defendant cannot return it. The one is where the sale is of a specific chattel, upon which the owner has had an opportunity of exercising his own judgment, and which is bought with a warranty (*t*). The other, where labour has been expended upon the defendant's own

(*p*) *Per* Lord Ellenborough, *Le Loir v. Bristow*, 4 Camp. 134 : *semble*, *Cleworth v. Pickford*, 7 M. & W. 314.

(*q*) *Bamford v. Harris*, 1 Stark. 343.

(*r*) *Cutler v. Close*, 5 C. & P. 337.

(*s*) *Thornton v. Place*, 1 M. & Rob. 218.

(*t*) *Parsons v. Sexton*, 4 C. B. 899 : *Dawson v. Collis*, 10 C. B. 523 ; 20 L. J. C. P. 116

property, as, for instance, his materials or his land. In the latter case the thing done may in itself possess very great intrinsic value, as, for instance, if a tailor should cut cloth into a coat which would fit any one but the owner, or a builder should erect a coach-house where he had been directed to make a stable. But it is clear that the thing would in neither case be of any value to the owner, till it was altered into what he wanted. The cost of altering it would be the only fair measure of reduction. It will be observed that both the cases cited come under this latter head.

The former case, viz., the sale of a specific chattel with warranty, would admit of different considerations. It might be utterly impossible to alter it, as, for instance, to change a hack into a hunter. The question would then be, what was it worth to the purchaser as it was. This would depend upon what he could get for it, and so would come under the former rule as to real value. On the other hand it might be capable of alteration at a very exorbitant cost, as, for instance, a defective machine. Ought the purchaser to sell it for what it would fetch, supposing it to be useless to him in its present condition, or may he alter it to suit his requirements? This would probably depend upon the facts of each case. If he could without very great loss and inconvenience procure another, it would perhaps be held that he ought to do so, and that great expense incurred in alterations could not be treated as the necessary result of the plaintiff's breach of warranty, when by a smaller outlay he could have obtained a perfect article. But it might be impossible to procure another, or the cost and delay might be so great as to warrant him in altering at a very great expense; if so, it might fairly be held that the exception laid down in the above cases applied, and that the measure of reduction was the cost of alteration. It must be owned, however, that such a case would hover upon the limits of the rule laid down against reduction of damages in *Mondel v. Steel* (u).

Sale of specific chattel with warranty.

In the cases hitherto under discussion the plaintiff has been claiming payment on account of something done by him for the defendant, and the evidence has gone to show that the

Evidence in mitigation of apparent injury inflicted by defendant.

	defendant had not received all the benefit for which he had bargained. On exactly the same principle, where the action is to recover damage for some loss arising from the defendant's acts, evidence is admissible to show that the injury is not so great as would at first appear (<i>x</i>). For instance, where the action was for breach of an agreement to build upon land, the defendant was allowed to show that the plaintiff had re-entered upon it under the covenant, and let it to another tenant (<i>y</i>).
Indemnity.	And where the plaintiff has given the defendant an indemnity against the very demand for which he is suing, such indemnity is a bar to the action, if it goes to the entire claim (<i>z</i>), and of course would be admissible in reduction of damages if it only went to part. So in trover, though the cause of action is complete upon proof of conversion, still if the defendant after using the goods has returned them (<i>a</i>), or has paid over part of the proceeds to the plaintiff, this will go in reduction of damages (<i>b</i>). And in trespass against an executor de son tort, payments made by him in a due course of administration and which go to exonerate the estate, shall be recouped in damages (<i>c</i>).
Trover.	
Trespass.	
Crim. con.	For the same reason, formerly, in actions of crim. con., any evidence which went to show that the husband had suffered a comparatively trifling loss in respect of his wife, either on account of her own worthlessness, previous to the defendant's acquaintance with her (<i>d</i>), or his own want of affection for her (<i>e</i>), or the slight amount of intercourse that subsisted between them (<i>f</i>), was admitted to reduce the damages; so in actions for breach of promise of marriage, proof may be given that the
Breach of promise of marriage.	

(*x*) In *Workman v. G. N. Ry. Co.*, 32 L. J. Q. B. 279, in consequence of the defendants' embankment the flood-waters of a river were put back and flowed over the plaintiff's land. Had the embankment not been constructed the waters would have flowed a different way, but would have reached the land and done damage to a lesser amount. The measure of damages was held to be the difference only between the two amounts. See, too, *Nitrophosphate Co. v. London & St. Catherine Docks*, 9 Ch. D. 503.

(*y*) *Oldershaw v. Holt*, 12 A. & E. 590.

(*z*) *Cannop v. Lery*, 11 Q. B. 769.

(*a*) *Cook v. Hartle*, 8 C. & P. 568.

(*b*) *Burn v. Morris*, 2 C. & M. 579.

(*c*) *Mountford v. Gibson*, 4 East, 441, p. 447.

(*d*) *Smith v. Allison*, B. N. P. 27.

(*e*) *Duberley v. Gunning*, 4 T. R. 655; *Bromley v. Wallace*, 4 Esp. 237.

(*f*) *Calcraft v. Ld. Harborough*, 4 C & P. 499.

plaintiff was utterly unfit to appreciate the person to whom he had engaged himself (*g*), or that the defendant's family disapproved of the match, for this would naturally diminish the happiness to be expected from it (*h*).

So where the defendant has been in the wrong, but the injury resulting from his conduct has been increased by that of the plaintiff; as, for instance, in an action against the sheriff for an escape; if he has done anything to aggravate the loss occasioned by the defendant's neglect, or has prevented him from retaking the debtor, the damages would be materially affected by such conduct (*i*). Similarly, where, in consequence of a change of circumstances, the defendant's breach of contract has not produced the full damage which the contract originally provided against, only the loss which has actually been incurred can be recovered (*k*).

Injury increased by plaintiff's conduct.

Of course in all cases where motive may be ground of aggravation, evidence on this score will also be admissible in reduction of damages. Hence in an action for false imprisonment, evidence may be given of a reasonable suspicion that the plaintiff had been guilty of felony, without any attempt at setting up a justification (*l*). And if the plaintiff was given into custody for an offence not justifying an arrest, evidence may be given of the offence (*m*). It is in the nature of an apology for the defendant's conduct (*n*). And so in cases of libel, the defendant may give any evidence in reduction of damages which goes to prove the absence of malice (*o*), or he may show previous provocation received from the plaintiff (*p*). And in actions of seduction, the offence may be deprived of its wanton and heartless aspect by showing the loose character of the female (*q*).

Motive.

False imprisonment.

Libel.

Seduction.

It would be easy to multiply illustrations upon all the heads

(*g*) *Leeds v. Cook*, 4 Esp. 256.

(*h*) *Irring v. Greenwood*, 1 C. & P. 350.

(*i*) *Arden v. Goodacre*, 11 C. B. 371, 377; 20 L. J. C. P. 184.

(*k*) *Wigsell v. Corporation of the School for Indigent Blind*, 8 Q. B. D. 357.

(*l*) *Chinn v. Morris*, 2 C. & P. 361.

(*m*) *Linford v. Lake*, 3 H. & N. 276; 27 L. J. Ex. 334.

(*n*) *Per Lord Abinger, Warwick v. Foulkes*, 12 M. & W. 507.

(*o*) *Pearson v. Lemaitre*, 5 M. & G. 700. See as to the particulars to be given before the trial, O. 36, R. 37.

(*p*) *May v. Brown*, 3 B. & C. 118.

(*q*) *Bamfield v. Massey*, 1 Camp. 460; *Dodd v. Norris*, 3 Camp. 519.

just mentioned. Those adduced, however, are sufficient to explain the principles upon which damages may be reduced. We shall have occasion to go more fully into the subject in discussing the different species of actions.

Set-off.

The law of set-off never came strictly within the scope of a work on damages, since it was merely a cross-action, which, by means of a statute, might be tried at the same time with the principal suit (*r*). Still it was a means by which the plaintiff's claim might be cut down or negatived; and as the demands which might be set up against him, had been well defined by a succession of decisions, it was thought as well to point out the chief bearings of the subject in the earlier editions of this work. Since then, the power of advancing counter-claims has been so much extended that most of the rules relating to set-off are obsolete. So much only is therefore retained here of what appeared before as may be useful until the new practice is settled.

No set-off in actions for unliquidated damage.

Under the statutes of set-off (*s*) debts only could be set off; or be set off against. This restriction no longer exists. Claims can now be set off or set against one another whether they sound in damages or not (*t*).

Judgment.

A judgment obtained by one party might be set off against an action by the other party (*u*), or against another judgment, notwithstanding the plaintiff might also have a separate demand on one of the defendants (*x*), and though the judgments were in different Courts (*y*). Nor did it make any difference that a writ of error was pending to reverse the judgment (*z*). A verdict before judgment could not be set off (*a*); and in such a case the Court would not stay proceedings, until a motion

(*r*) The law of set-off is a matter of procedure, and governed by the law of the country where the remedy is sought. *Stimson v. Hall*, 1 H. & N. 831; 26 L. J. Ex. 212: *Dakin v. Orley*, 15 C. B. N. S. 646; 33 L. J. C. P. 289.

(*s*) 2 G. II. c. 22, s. 13, and 8 G. II. c. 24.

(*t*) Judicature Act, 1873, s. 24, sub-s. (3). Ord. 19, R. 3. See *Stook v. Taylor*, 5 Q. B. D. 569; 49 L. J. Q. B. 857, as to the difference between a set-off and a counter-claim in its effect upon the plaintiff's costs.

(*u*) *Stanton v. Styles*, 5 Ex. 578.

(*x*) *Glaister v. Hewer*, 8 T. R. 69.

(*y*) *Barker v. Braham*, 3 Wils. 396: *Bridges v. Smyth*, 8 Bing. 29.

(*z*) *Reynolds v. Beerling*, 3 T. R. 188, n. An appeal now does not operate as a stay of proceedings, except by order. Ord. 58, R. 16.

(*a*) *Garrick v. Jones*, 2 Dowl. 157.

for a new trial had been disposed of, in order to enable the defendant to sign judgment, and set off his damages and costs against the costs of the action (*b*). Still less would they stay execution on a judgment that had actually been obtained, until a cross-action was determined, that one might be set off against the other (*c*). Where a creditor had taken his debtor in execution, this operated as an election binding the judgment creditor to enforce his claim by that means and no other. Therefore he could not plead the judgment debt by way of set-off to an action by the debtor for a separate and distinct matter (*d*). And the rule was the same when the prisoner was discharged by consent of the creditor, upon giving a fresh security for the judgment, even though the security itself proved void on account of some informality (*e*). The judgment debt, however, still subsisted; and if the debtor had a cross-claim against the creditor for costs in the same action, whether the claim accrued before or after the judgment, the Court would in the exercise of its equitable powers, restrain the debtor from enforcing his claim, unless he paid the judgment debt, or allowed it to be set off against the claim (*f*).

A distinction also exists between the statutory right to set off a judgment by way of defence to an action, and the appeal to the equitable jurisdiction of the Court to allow such set-off in execution proceedings, where the effect of the set-off would be to destroy the attorney's lien for costs. In the latter case, the Court refuses to exercise its power of allowing a set-off, unless the attorney's costs are first satisfied. In the former case, the defence, being one of strict right, must be allowed (*g*).

Money due under an order of Nisi Prius might be set off (*h*).

It was held to be no answer to a plea of set-off, that the money for which the action was brought was lent, or the goods

Order of Nisi Prius.

Set-off where the debtor promises to pay ready money.

(*b*) *Johnson v. Lakeman*, 2 Dowl. 646.

(*c*) *Williams v. Cooke*, 10 Moo. 321.

(*d*) *Taylor v. Waters*, 5 M. & S. 103.

(*e*) *Jacques v. Withy*, 1 T. R. 557.

(*f*) *Thompson v. Parish*, 5 C. B. N. S. 685; 28 L. J. C. P. 153.

(*g*) *Mercer v. Grarea*, L. R. 7 Q. B. 499; 41 L. J. Q. B. 212; *Pringle v. Glog*, 10 Ch. D. 676; 48 L. J. Ch. 38; *Edwards v. Hope*, 14 Q. B. D. 922; 54 L. J. Q. B. 379; O. 65, R. 14. As to setting-off damages and costs in equity, see *Throckmorton v. Crawley*, L. R. 3 Eq. 196; *Ex parte Cleland*, L. R. 2 Ch. 808.

(*h*) *Newton v. Newton*, 8 Bing. 202.

delivered, upon an express promise to pay ready money (i). But where there had been such a promise, an offer to set-off a debt did not entitle a party to bring trover for the goods, before the lien of the holder was satisfied (k).

Debt must
be due.

A debt, to be set off under the statutes of set-off, and also it would seem under the Judicature Acts, must be one which can be enforced by suit. Therefore a debt arising upon the promise of an infant, which has not been ratified under the provisions of 9 G. IV. c. 14, s. 5, cannot be set off (l). It must also, under the statutes of set-off, be completely due at the time of action brought (m). Therefore a note could not be set off before it had reached maturity (n). Nor a judgment which was recovered after the commencement of the suit, but before plea (o). But although an attorney cannot maintain an action on his bill of costs, till one month after delivery, it may be made the subject of set-off, if delivered less than a month before the action against him was commenced, provided sufficient time has elapsed to allow of its being taxed (p), or even though no bill has been delivered, the Court having power in case of hardship to stay proceedings, so as to allow proper taxation before trial (q).

Seemle,
counter-claim
must be
complete.

It seems to be now settled that for a claim to be set up by counter-claim it is sufficient if it matured before the date of the statement of defence and counter-claim (r).

Must remain
due.

The debt must continue due at the commencement of the suit. Therefore a debt cannot be set off which is barred by the Bankrupt or Insolvent Acts (s); or by the Statute of Limitations (t).

(i) *Lechmere v. Hawkins*, 2 Esp. 626 : *Cornforth v. Hiredt*, 5 M. & S. 510.

(k) *Clarke v. Fell*, 4 B. & Ad. 404.

(l) *Rawley v. Rawley*, 1 Q. B. D. 460 ; 45 L. J. Q. B. 675. See now the Infants Relief Act, 1874, s. 1.

(m) *Braithwaite v. Coleman*, 4 N. & M. 654.

(n) *Rogerson v. Ladbroke*, 1 Bing. 93.

(o) *Evans v. Prosser*, 3 T. R. 186.

(p) *Bulman v. Birkett*, 1 Esp. 449 : *Martin v. Winder*, 1 Doug. 199, n. : *Lester v. Lazarus*, 2 C. M. & R. 669.

(q) *Brown v. Tibbits*, 11 C. B. N. S. 855 ; 31 L. J. C. P. 206.

(r) *Lees v. Patterson*, 7 Ch. D. 866 ; 47 L. J. Ch. 616 : *Beddall v. Maitland*, 17 Ch. D. 174 : *Toke v. Andrews*, 8 Q. B. D. 428.

(s) *Hayllar v. Sherwood*, 2 Nev. & M. 401 : *Francis v. Dodnorth*, 4 C. B. 202.

(t) *Mead v. Bashford*, 5 Ex. 336 : *Walker v. Clements*, 15 Q. B. 1046.

The debt sued for, and that intended to be set off, must have been mutual, and due in the same right, and there could be no set-off where either of the debts was due in *auter droit* (u). To a certain extent this rule would probably extend to counter-claims, but not to the extent to which it was formerly carried. For example, a joint debt could not have been set off against a separate one, nor a separate against a joint debt. (x). This is no longer the case. A defendant may set up by counter-claim a claim against the plaintiff and another person jointly (y); and the Exchequer Division held, in a case in which two railway companies, as joint lessees of a railway, sued for statutory tolls, that the defendant could set up against each company a separate counter-claim for damages in respect of delay in the delivery of goods (z).

Must be due in the same right.

Parties to claim and counter-claim need not be identical.

A debt due to defendant, as a surviving partner, might be set off against a demand on him in his own right (a), and *vice versâ*, a debt due from the plaintiff, as surviving partner, might be set off against a demand by him in his own right (b). So where by the terms of the partnership the plaintiff was to be the only ostensible trader, the others being mere sleeping partners, a separate debt due from him might be set off against a debt due to the firm of which he was the manager (c). In such a case, however, it is not sufficient merely to show that the defendant was ignorant of the existence of other partners. Therefore where to an action by a firm for money had and received, the defendant pleaded that the money was the proceeds of the sale of goods, which one of the partners had employed him to dispose of; that at the time of the sale the defendant believed that his employer was the sole owner of the goods, and entitled to receive their proceeds for his exclusive use, and had no notice of the rights of the other partners; and that after he was so employed, and before

Partners.

(u) *Gale v. Luttrell*, 1 Y. & J. 180.

(x) *France v. White*, 6 Bing. N. C. 33; *McEwan v. Crombie*, 25 Ch. D. 175. Where there had been an express agreement, debts of this nature might be set against each other; *Kinnerley v. Hossack*, 2 Taunt. 170.

(y) Ord. 21, R. 11.

(z) *Manchester, Sheffield & Lincolnshire Ry. Co. and L. & N. W. Ry. Co. v. Brooks*, 2 Ex. D. 243; 46 L. J. Ex. 244.

(a) *Slipper v. Stidstone*, 5 T. R. 493.

(b) *French v. Andrade*, 6 T. R. 582.

(c) *Tracey v. Deey*, 7 T. R. 361, n.

he had any notice of the rights of the other partners, his employer became indebted to him in an amount which he offered to set off; the plea was held bad, because it did not appear that the person who employed the defendant had appeared to be the sole owner of the goods, with the assent of his partners, or that there had been any laches or default on their part (*d*).

Joint and
several note
or bond.

A joint and several promissory note (*e*) or bond being the separate debt of both, might be set off against either, and so in the case of a bond intended to be joint, but only executed by one. No debt could arise from the non-executing party, and therefore it might be set off against a demand by the other (*f*).

Husband and
wife.

According to the old practice, when a husband was sued on his own debt, he could not set off a debt due to him in right of his wife (*g*). Nor could a debt due from the wife, *dum sola*, be set off against an action by the husband alone, unless he had for some new consideration made the debt his own (*h*). Where a note was given to a wife during coverture, the husband had a right to treat it as joint property, or several. If he chose to treat it as several, he might sue upon it alone, and the consequence would be to let in, by way of set-off, any debts due from him, but not those due from the wife. If, on the other hand, he elected to treat it as joint property of himself and his wife, in her right, and joined her in the action, it was the opinion of Bayley, J., that he might let in debts due from her in her own right. But Littledale, J., said that he did not think the latter position by any means clear (*i*).

Now, as claims by or against husband and wife may be joined with claims by and against either of them separately (*k*), it is probable that a husband will be allowed to set up by way of

(*d*) *Gordon v. Ellis*, 2 C. B. 821.

(*e*) *Owen v. Wilkinson*, 5 C. B. N. S. 526; 28 L. J. C. P. 3.

(*f*) *Fletcher v. Dyche*, 2 T. R. 32.

(*g*) *Paynter v. Walker*, B. N. P. 179; *O'Halloran v. Studdert*, 1 Ir. C. L. 245.

(*h*) *Wood v. Akers*, 2 Esp. 594; *Burrough v. Moss*, 10 B. & C. 558. And see the Married Women's Property Act, 1870, 33 & 34 Vict. c. 93, s. 12.

(*i*) *Burrough v. Moss*, 10 B. & C. 558, 562.

(*k*) Ord. 18, R. 4.

counter-claim any claim in respect of his wife in respect of which he has a beneficial interest.

An executor, sued for a debt due from the testator, could not set off a debt due to himself (*l*); nor could a defendant, sued by an executor, set off a debt due from the executor in his own right (*m*). There used also to be many cases in which debts due from or to the deceased, could not be set off against claims in respect of the testator's estate. Debts due from the testator could not be set off in reply to an action by the executor for a cause arising after the death of the testator, whether the executor sued in his own name, as he might do (*n*), or as executor; because if in this way the defendant might retain money or goods received since the death, by merely offering a set-off, the course of distribution would be altered, and he might be paid before creditors of a superior nature (*o*). Therefore it was held, that to an action for money had and received by the defendant to the use of the administrator, and on accounts stated between them, a set-off of money lent by defendant to the intestate could not be allowed (*p*). The Court said that in the case of actions by or against an executor, it was as necessary as in the case of actions between the principals "that the debts should originally have existed between the two living parties. The executor or administrator, to come within the statute, must sue or be sued necessarily in his representative character. If not, although he may be called executor, he is really a third party introduced (whereas it is essential that there should be only two concerned) and the mutuality of the debts, without which there can be no set-off, does not exist. Whether the statute in either of its branches extends beyond its mere words to the case of two mutual debtors both dying, and the representative of the one suing the representative of the other, it is not necessary now to decide. In the present case . . . the money was not received to the

Executor.

Claims by
or against
an executor.

(*l*) *Bishop v. Church*, 3 Atk. 691.

(*m*) *Willes*, 263.

(*n*) *Shipman v. Thompson*, *Willes*, 103.

(*o*) *Kilrington v. Sterenson*, *Willes*, 264, n.: *Tegetmeyer v. Lumley*. *ibid.*: *Schofield v. Corbett*, 11 Q. B. 779: *Lambarde v. Older*, 17 Bea. 542: *Re Gregson*, 36 Ch. D. 223; 57 L. J. Ch. 221.

(*p*) *Rees v. Watts*, 25 L. J. Ex. 30; 11 Ex. 410, affg. *Watts v. Rees*, 9 Ex. 696; 23 L. J. Ex. 238: followed in *Newell v. Nat. Pror. Bank of England*, 1 C. P. D. 496; 45 L. J. C. P. 285.

Claims by
or against
an executor.

use of the intestate. The intestate had no claim on the defendant in respect of this receipt, which took place after his death; he and the defendant never stood in the relation of mutual debtors to each other, and consequently there is no set-off between the one and the representative of the other" (q).

It was held that to an action against an executor, on an account stated with him of monies due from him as executor, a set-off might be pleaded of debts due from the plaintiff to the testator in his lifetime (r). This decision seems principally to have rested upon the idea that an account stated by an executor, as such, could only have been stated in respect of a previously existing debt due from the testator (s). Upon this ground the Court of Exchequer Chamber in the case last cited (t) were willing to acquiesce in it, though they expressed great doubts of its general soundness. They decidedly overruled another decision of the Queen's Bench, in which it had been ruled that a defendant, sued as executor for a debt which accrued due from the testator in his lifetime, might set off a debt which accrued due to him as executor, since the death of the testator (u).

Present
practice.

Claims by or against an executor or administrator, as such, may now be joined with claims by or against him personally, provided the last-mentioned claims arise with reference to the estate of the testator or intestate (x). It would seem, therefore, that all matters of counter-claim which relate to the estate can now be set up against claims made in respect of such estate (y). But an executor who sues in his own personal capacity for a cause of action arising to himself, cannot be met by a counter-claim against himself in his capacity of executor (z).

(q) *Rees v. Watts*, 25 L. J. Ex. 30; 11 Ex. 410; affg. *Watts v. Rees*, 9 Ex. 696; 23 L. J. Ex. 268.

(r) *Blakesley v. Smallwood*, 8 Q. B. 538.

(s) See *per* Holroyd, J., *Ashby v. Ashby*, 7 B. & C. 444, 451.

(t) *Rees v. Watts*, *ubi supra*.

(u) *Mardall v. Thelluson*, 21 L. J. Q. B. 410; 18 Q. B. 857: after being thus overruled error was brought in this case, and the decision of the Queen's Bench reversed, 6 E. & B. 976.

(x) Ord. 18, R. 5. See also Ord. 16, R. 8.

(y) Unless, indeed, as in *Newell v. Nat. Pror. Bank of England*, 1 C. P. D. 496; 45 L. J. C. P. 285, an administration suit is pending, and it would be contrary to the practice of the Equity Division to allow the defendant's claim, except by proof in the suit.

(z) *Macdonald v. Carington*, 4 C. P. D. 28; 48 L. J. C. P. 178.

It was formerly held that in an action by a trustee, a debt due from the person beneficially interested might be set off (*a*). These cases, after being repeatedly doubted, were overruled (*b*), and the rule laid down that none but legal rights could be regarded. Accordingly, it was held that the assignee of a bond debt of the plaintiff could not set it off in an action against himself, in his own right (*c*). And on the same principle, an executrix sued upon a bond given by her testatrix to a trustee, for payment of money to the use of S., was not allowed to set off a bond given by S. to another person, who had made the testatrix his executrix and residuary legatee, the defendant being herself executrix for her own benefit (*d*). These decisions, however, have lost their importance since the introduction of equitable defences, which admit of set-off where the parties to the cross debts are substantially the same, though nominally different (*e*).

A judgment, obtained by a party merely as trustee, cannot be set off against a judgment obtained against him in his individual right (*f*). But where the real plaintiff in one action is the real defendant in the other, the judgments may be set off against each other, though the nominal parties are different (*g*).

In a recent case a municipal corporation, being also the local board of health under the Public Health Act, 1848, and Local Government Act, 1858, kept separate accounts at their bankers for municipal and local board affairs. Being sued for the amount overdrawn on the latter account, they were held entitled to set off their claim on the other account, which was in their favour (*h*). The ground of the decision was, that this was not the case of two distinct bodies, to whom debts were due in

Trustee.

Set-off of judgments in case of trustees.

Public bodies having banking accounts in different rights.

(*a*) *Bottomley v. Brooke*, 1 T. R. 621 : *Rudge v. Birch*, *ibid.* 622.

(*b*) *Isberg v. Bowden*, 8 Ex. 852.

(*c*) *Wake v. Tinkler*, 16 East, 36.

(*d*) *Tucker v. Tucker*, 4 B. & Ad. 745.

(*e*) *Cochrane v. Green*, 9 C. B. N. S. 448 ; 30 L. J. C. P. 97 : *Agra and Masterman's Bank v. Leighton*, L. R. 2 Ex. 56 : 36 L. J. Ex. 33. Ord. 16, R. 8. See *Bowyear v. Pauson*, 6 Q. B. D. 540.

(*f*) *Bristowe v. Nerdham*, 7 M. & G. 648.

(*g*) *Standeron v. Murgatroyd*, 27 L. J. Ex. 425.

(*h*) *Pedder v. The Mayor, &c., of Preston*, 12 C. B. N. S. 535 ; 31 L. J. C. P. 291. See, for other examples of setting off banking accounts, *Bailey v. Finch*, L. R. 7 Q. B. 34 : 41 L. J. Q. B. 83 : *Bailey v. Johnson*, L. R. 6 Ex. 279 ; 40 L. J. Ex. 109 : affirmed, L. R. 7 Ex. 263 : 41 L. J. Ex. 211 : *Ex parte Morier*, 12 Ch. D. 491 ; 49 L. J. Bkcy. 9.

different rights : that the Local Board of Health was not a corporation at all, but merely a department of the corporation, and that the corporation was debtor and creditor in both cases, and in contemplation of law the same person in both cases.

Principal and agent where action is by principal.

When a factor, dealing for a principal, but concealing that principal, delivers goods in his own name, the person contracting with him has a right to consider him to all intents and purposes as the principal ; and though the real principal appear and bring an action upon that contract against the purchaser of the goods, yet that purchaser may set off any claim he may have against the factor in answer to the demand of the principal (*i*). But where the purchaser has notice, at the time of the sale, that the factor is acting as the agent of another, though he does not know who that other is (*k*), the case is different. He cannot set off a debt from the factor against an action by the principal, though perhaps payment to him might be good, even though made prematurely (*l*). In no case can such a set-off be allowed where the sale was made by a broker. He is in a different position from a factor : he is not trusted with the possession of the goods, and he ought not to sell them in his own name. The principal, therefore, who trusts a broker, has a right to expect that he will not sell them in his own name (*m*).

Case of broker

under *del credere* commission.

It is different, however, where the broker is acting under a *del credere* commission. In such a case, he is to be considered, as between himself and the vendee, as the sole owner of the goods (*n*). Therefore, where the defendant, a broker, acting under such a commission for A., sold his goods to B., for whom he had a commission to purchase, and, without any order to

(*i*) *Rabone v. Williams*, 7 T. R. 360, n. : *George v. Clagett*, *ibid.* 359 : *Borries v. Imperial Ottoman Bank*, L. R. 9 C. P. 38 ; 43 L. J. C. P. 3 : *Kaltenbach v. Lewis*, 24 Ch. D. 54. The principle is not confined to the sale of goods, but extends to any case in which an agent is allowed to appear as a principal : *Montagu v. Forwood*, [1893] 2 Q. B. 350.

(*k*) *Semenza v. Brinsley*, 18 C. B. N. S. 467 ; 34 L. J. C. P. 161 : *Maspons v. Mildred*, 9 Q. B. D. 580 ; affirmed, 8 App. Cas. 874.

(*l*) *Fisk v. Kempton*, 7 C. B. 687. See *Warner v. McKay*, 1 M. & W. 591. Where the goods are bought through an agent, notice to him is notice to his principal, however the notice may have been acquired : *Dresser v. Norwood*, 17 C. B. N. S. 466 ; 34 L. J. C. P. 48, Ex. Ch. ; overruling *S. C.*, 14 C. B. N. S. 574 ; 32 L. J. C. P. 201.

(*m*) *Baring v. Corrie*, 2 B. & A. 137 ; recognised 7 C. B. 693.

(*n*) *Houghton v. Matthews*, 3 B. & P. 489.

that effect from B., paid the price to A., and afterwards was directed by B. to resell the goods; it was held in an action brought by the assignees in bankruptcy of B. for the proceeds, that he might set off the money he had so paid to A. (o).

Where an auctioneer sold goods the property of A., and stated in the catalogue to be so, a plea that he was suing in trust for A., and that the defendant had a set-off against A., was admitted without objection as an answer to an action by him (p), though it would have been otherwise if he had a lien upon the goods for his charges, and had not parted with them except on an express agreement that the payment should be made to himself (q). This distinction, however, seems to have been denied in a later case. The plaintiff sued on a charter-party, to which defendant pleaded that plaintiff entered into it as master of the ship, and agent for the owner, and that he never had any beneficial interest in the charter-party, nor any lien upon the freight, and that he was suing as agent and trustee for the owner, against whom defendant had a set-off (r). The plea was held bad on demurrer, and the authority of the above cases in support of the alleged doctrine was doubted (s).

When action
is by agent.

Suits between Incorporated Companies and their members, or non-members, are subject to the ordinary rules of set-off; but when Companies are being wound up by or under the supervision of the Court, the right of set-off of contributories is regulated by 25 & 26 Vict. c. 89, ss. 38, 101 (t).

Companies.

It may be worth while still to note that equity would sometimes give relief where the party sued had a counter-claim

Equitable
set-off.

(o) *Morris v. Cleasby*, 1 M. & S. 576.

(p) *Coppin v. Craig*, 7 Taunt. 243. See *Coppin v. Walker*, *ibid.* 237.

(q) *Jarris v. Chapple*, 2 Chit. Rep. 387.

(r) *Isberg v. Bowden*, 8 Ex. 852; but see *Holmes v. Tutton*, 24 L. J. Q. B. 346; *post*, p. 138.

(s) See, as to set-off in actions by and against policy brokers, 4 Chit. Stat. p. 172, 3rd ed.

(t) Under these sections a debt due from a limited company cannot, in the event of the company's being wound up under the supervision of the Court, be set off against calls: *Grissell's Case*, L. R. 1 Ch. 528; 35 L. J. Ch. 752; nor against debts incurred by the defendant to the company while in liquidation: *Sankey Brook Coal Co. Lim. v. Marsh*, L. R. 6 Ex. 185; 40 L. J. Ex. 125; and the same rule applies where the company is being voluntarily wound up: *Black & Co.'s Case*, L. R. 8 Ch. 254; 42 L. J. Ch. 404; *Re Whitehouse*, 9 Ch. D. 595; 47 L. J. Ch. 801; disapproving of *Brighton Arcade Co. v. Dowling*, L. R. 3 C. P. 175; 37 L. J. C. P. 125. See, as to their application in case of the bankruptcy of a contributory, *Re Duckworth*, L. R. 2 Ch. 578; 36 L. J. Bank. 28.

which could not be set off at law (*u*). Accordingly, a plaintiff at law has been restrained from taking out execution on a judgment, where the defendant had a judgment against him to a greater amount, which the Court of King's Bench refused to allow him to set off. The Vice-Chancellor said that the lesser judgment was, in point of fact, satisfied (*x*).

Principle of
equitable
set-off.

This case, however, seems to have been treated as rather transcending the limits within which equity gave relief. Lord Cottenham said, "This equitable set-off exists in cases where the party seeking for the benefit of it can show some equitable ground for being protected against his adversary's demands. The mere existence of cross-demands is not sufficient, although it is difficult to find any other ground for the order in *Williams v. Davies*, as reported. In all the cases upon the subject except *Williams v. Davies*, it will be found that the equity of the bill impeached the title to the legal demand" (*y*). And so Lord Eldon said, "Where the Court does not find a natural equity going beyond the statute, the construction of the law is the same in equity as at law" (*z*).

Cross-demand
not sufficient.

Hence the mere existence of a cross-demand, which was only available in equity, was no ground for restraining an action at law; unless there were also circumstances which made it inequitable that the claim should be enforced at law, until the counter-claim in equity was also enforced. An action for breach of an agreement to make advances on shipments, would not be restrained pending a bill for an account of advances already made (*a*). Nor would an action upon a note given in settlement of a partnership claim be restrained, pending a bill

(*u*) The counter-claim must have been in respect of an ascertained sum; see Kerr on Injunctions, c. 4. s. 5, p. 66; 1 Joyce on Injunctions, 489. Where there was a clear natural connection between claim and counter-claim, and both originated in one transaction, a Court of Equity would sometimes interfere to prevent the one party from enforcing his claim without allowing the claim of the other, even though it were unliquidated, *ibid.* 67, and see cases cited there. See, further, *Throckmorton v. Crowley*, L. R. 3 Eq. 196; and as to set-off of debts against legacies, *Housfield v. Lausford*, 1 De G. J. & S. 459; *Stammers v. Elliott*, L. R. 3 Ch. 195; 27 L. J. Ch. 353.

(*x*) *Williams v. Davies*, 2 Sim. 461.

(*y*) *Rawson v. Samuel*, Cr. & Ph. 178, 179, where all the cases are considered, and *per* Jessel, M.R., *Re Whitehouse*, 9 Ch. D. at p. 597; 47 L. J. Ch. 801.

(*z*) *Ex parte Stephens*, 11 Ves. 27.

(*a*) *Rawson v. Samuel*, Cr. & Ph. 161.

for an account of subsequent transactions (*b*). Nor would a tenant, who had obtained judgment against his landlord for an excessive distress, be enjoined against enforcing it, on the ground that he had incurred a subsequent liability to his landlord for rent and dilapidations (*c*).

On the other hand the set-off was allowed in equity, though it would have been bad at law, where the nature of the counter-claim was such as to show that the legal demand was one which equity would not allow to be enforced. For instance, when an agent allowed his principal to build upon land, believing it to be his own, and afterwards brought a successful action of ejectment against him, and then sued for mesne profits; it was held that the compensation due to the principal for the loss of his buildings must be set off. Because to that extent he had a lien upon the land and upon all that came from it (*d*). And so where a running account existed between landlord and tenant, under which advances and supplies made by the latter had gone in discharge of the rent, but no receipts had ever been given; an action of ejectment for non-payment of rent was restrained, until an account was taken of the past transactions; because it depended upon this account, whether the rent had ever been in default (*e*).

unless supported by some equity.

So where there were cross-demands of such a character, that if both had been recoverable at law, they would have been the subject of legal set-off, then, if either of the claims was of an equitable nature, and equity had jurisdiction of the subject-matter, it would enforce the set-off (*f*). For instance, various consignments of oil were being carried to different persons in the same ship, and the oil leaked out and was collected in one mass by the captain and sold for 750*l*. The consignees agreed to divide the sum among themselves in proportion to their losses. Then the shipowner sued the consignees separately for freight. No set-off could be maintained at law. But a bill was filed by all the consignees for an account, and equity being thus in possession of the entire transaction, the actions were

Equity must have jurisdiction over subject-matter.

(*b*) *Preston v. Strutton*, 1 Anst. 50.

(*c*) *Maw v. Ulyatt*, 31 L. J. Ch. 33.

(*d*) *Lord Cadvor v. Lewis*, 1 Y. & C. 427.

(*e*) *O'Connor v. Spaight*, 1 Sch. & Lef. 305; *Beasley v. D'Arcy*, 2 Sch. & Lef. 403, n.

(*f*) *Clark v. Cort*, Cr. & Ph. 154; *James v. Kynnier*, 5 Ves. 108.

restrained, and a set-off allowed to the extent of the proportions of the 750*l.* due to each consignee (*g*). So in the following case : G. assigned property on trust to sell and apply the proceeds in payment of whatever might be due from himself to whoever might carry on the business of M. & Co., his bankers. M. & Co. transferred their business to the plaintiffs, and with it G.'s debt to themselves. The plaintiffs employed G. as a builder and owed him money. G. became bankrupt and his assignee sued the plaintiffs. The plaintiffs filed a bill against the assignee to take an account of what was due from G. after the sale of the property, and to set off this debt against the other. Lord Cottenham doubted whether the set-off could have been allowed on the mere ground that the plaintiffs were the assignees of a debt from G. to M. & Co., though he said that the decision in *Williams v. Davies* (*h*) went further than such a case would require. The plaintiffs, however, were not merely assignees of the debt without the privity of the debtor. They were assignees of the debt for whom the debtor had contracted that the security should enure. They had a demand against G. before he was bankrupt, in respect of which they were entitled to sue in equity ; therefore, they were entitled in equity to set off the legal debt which they owed to G. (*i*).

Mere existence of cross-demand not sufficient.

But equity would not take jurisdiction for the sole purpose of enforcing a set-off, which was bad in law, though under proper circumstances it might be good in equity. As Jessel, M.R., said in such a case, "The mere fact of the cross-demand existing would not of itself give equitable jurisdiction, nor the mere fact that one of the demands was held by a trustee ; that is to say, that one of the demands, though still a legal demand, was, as regards beneficial ownership, the property of the person who was liable to the other demand. I never heard of a bill to enforce such a set-off" (*k*).

Equitable plea.

On the same principle, an equitable plea in a Court of common law was not allowed, where it merely set up a cross-claim for unliquidated damages, which was bad at law on that

(*g*) *Jones v. Moore*, 4 Y. & C. 351.

(*h*) 2 Sim. 461.

(*i*) *Clark v. Cort*, Cr. & Ph. 154.

(*k*) *Middleton v. Pollock*, L. R. 20.Eq. 29, 36 ; 44 L. J. Ch. 584 ; disapproving of dicta in *Cochrane v. Green*, 9 C. B. N. S. 448 ; 30 L. J. C. P. 97.

account, and which contained no ground in equity why the plaintiff should not enforce his claim. For instance, where to an action for advances on goods, defendant pleaded that the plaintiffs might have repaid themselves, if they had not negligently sold under market price; for the money lent was due at once, antecedent to any sale (*l*). To an action for freight, that the defendant had been employed by the plaintiffs as a barge-man, and had lost a quantity of their goods; the goods so lost being (apparently) quite different goods from those in respect of which the freight was payable (*m*). To a breach of one covenant by a lessee, that the lessor had broken another and independent covenant, on a redemise by a lessee to him (*n*).

The assignee of a debt takes it, subject to the debtor's right to set off debts which accrue due to him from the assignor before he has notice of the assignment (*o*); but not, in the absence of special circumstances showing a connection between the transactions out of which the cross-claims arise, debts which accrue due after such notice, even though resulting from a contract entered into previously (*p*). Under the Judicature Act, 1873, s. 25, subs. (6), the assignment of a debt or legal chose in action after express notice to the debtor or trustee, passes the legal right subject to any equities which would have had priority over the right of the assignee if the Act had not been passed. Accordingly, the assignee of a debt due on a building contract from the defendant to his assignor, is liable to a deduction by way of set-off in respect of any damages which the defendant had sustained by the assignor's non-performance of the contract (*q*).

Set-off against assignee.

The rule that debts to be set off must arise in the same

Exceptions to rule that debts must be mutual.

(*l*) *Atterbury v. Jarrie*, 2 H. & N. 114; 26 L. J. Ex. 178; *Best v. Illill*, L. R. 8 C. P. 10; 42 L. J. C. P. 10.

(*m*) *Stimson v. Hall*, 1 H. & N. 831.

(*n*) *Minshull v. Oakes*, 2 H. & N. 793; 27 L. J. Ex. 194.

(*o*) *Carendish v. Greaves*, 24 Beav. 163; 27 L. J. Ch. 314; *Wilson v. Gabriel*, 4 B. & S. 243; *Rosburghe v. Cox*, 17 Ch. D. 520. But the debtors may, by their original contract with the plaintiff, or by their subsequent dealings with the assignees, deprive themselves of the right of set-off: *Higgs v. Annam Tea Co., Limited*, L. R. 4 Ex. 387; 38 L. J. Ex. 233; *Dickson v. Swansea Vale Ry. Co.*, L. R. 4 Q. B. 44; 38 L. J. Q. B. 17.

(*p*) *Watson v. Mid-Wales Ry. Co.*, L. R. 2 C. P. 593; 36 L. J. C. P. 285; *Jeffryes v. Agra & Masterman's Bank*, L. R. 2 Eq. 674; 35 L. J. Ch. 686.

(*q*) *Young v. Kitchen*, 3 Ex. D. 127; 47 L. J. Ex. 579.

right, prevailed in equity as well as law (*r*). But where an administrator and sole next of kin sued on a bond given to his intestate, and it appeared, from the state of the property, that he was in fact suing for his own benefit, a set-off of a debt due from him in his own right was allowed (*s*). And *vice versâ*, where an auctioneer sued for the price of goods sold by him for his principal, it was, if not a legal, at all events a good equitable defence, that his lien was satisfied, and that the defendant had a set-off against the principal (*t*).

Joint debt
set off against
separate debt.

Although at law, too, a joint debt could not be set off against a separate debt, where it was clearly proved that the joint debt arose out of the same series of transactions as those which produced the separate debt, it might in equity. For instance, where in dealings between a customer and a bank, the joint debt to the bank arose out of a joint promissory note given by the father, and the son as his surety, for advances; and the separate debt from the bank arose out of a deposit of stock, made by the father as security for the same series of loans, Lord Eldon appeared to think that equity would allow a set-off (*u*). On the same principle, where the joint debt was a bond by principal and surety, a separate debt due to the principal might be set off in equity, because the joint debt was nothing more than a security for the separate debt; and upon equitable considerations, a creditor who had a joint security for a separate debt, could not resort to that security without allowing what he has received on the separate account, for which the other was a security (*x*). And so where A. & B., partners, gave a joint and several bond to C., and C. became indebted to A., and B. became bankrupt; C. proved the bond under the commission, and then brought a joint action upon it against A. & B., to which of course A. could not plead his set-off: it was held that C., by proving under the commission,

(*r*) *Gale v. Luttrell*, 1 Y. & J. 180; *Lambarde v. Older*, 17 Beav. 542; *Middleton v. Pollock*, L. R. 20 Eq. 29; 44 L. J. Ch. 584.

(*s*) *Jones v. Mossop*, 3 Hare, 568. See *Taylor v. Taylor*, L. R. 20 Eq. 155; 44 L. J. Ch. 718; *Bailey v. Finch*, L. R. 7 Q. B. 34; 41 L. J. Q. B. 83; *Ex parte Morier*, 12 Ch. D. 491, p. 496; 49 L. J. Bkcy. 9.

(*t*) *Holmes v. Tutton*, 24 L. J. Q. B. 346; and see *Farebrother v. Welchman*, 3 Drew. 122; 24 L. J. Ch. 410.

(*u*) *Vulliamy v. Noble*, 3 Mer. 593, 618.

(*x*) *Ex parte Hanson*, 12 Ves. 346; 18 Ves. 232, S. C.; and see *Ex parte Stephens*, 11 Ves. 24.

had elected to proceed severally upon his bond, and an injunction was issued against the joint action (y).

Something analogous to the statutory right of set-off was the power which has always existed at common law, of setting off one right of suit against another, for the sake of avoiding circuity of action. This existed even where the right which was pleaded in bar was a right to sue for unliquidated damages. It was absolutely necessary, however, that the damages recoverable in each action should be strictly identical, and should appear upon the record to be so (z).

Pleas in avoidance of circuity of action.

As to payments made by a tenant, which he may deduct from his rent, see *post*, p. 272.

Set-off in bankruptcy is now regulated by the Bankruptcy Act, 1883, s. 38, which follows the terms of the Bankruptcy Act, 1869, 32 & 33 Vict. c. 71, s. 39, and is as follows:—

Mutual credit in bankruptcy.

“Where there have been mutual credits, mutual debts, or other mutual dealings between a debtor against whom a receiving order shall be made under this Act, and any other person proving or claiming to prove a debt under such receiving order, an account shall be taken of what is due from the one party to the other in respect of such mutual dealings, and the sum due from the one party shall be set off against any sum due from the other party; and the balance of the account, and no more, shall be claimed or paid on either side respectively; but a person shall not be entitled under this section to claim the benefit of any set-off against the property of a debtor in any case where he had, at the time of giving credit to the debtor, notice of an act of bankruptcy committed by the debtor, and available against him.”

This clause only applies to a winding-up of the estate as between the debtor and the creditors (a). And in case of a firm, there must be a bankruptcy of the firm itself, and not merely of the individual partners (b).

Cases in which it applies.

(y) *Bradley v. Millar*, 1 Rose. 273.

(z) See the cases collected, 2 Wms. Saund. 150: *Ford v. Beech*, 11 Q. B. 852; *Belslaw v. Bush*, 11 C. B. 191; *Charles v. Altin*, 15 C. B. 46; 23 L. J. C. P. 197; *Thompson v. Gillespy*, 24 L. J. Q. B. 340; *Alston v. Herring*, 11 Ex. 822; 25 L. J. Ex. 177; *Minshall v. Oakes*, 2 H. & N. 793; 27 L. J. Ex. 194; *Schloss v. Heriot*, 14 C. B. N. S. 59; 32 L. J. C. P. 211.

(a) *Turner v. Thomas*, L. R. 6 C. P. 610; 40 L. J. C. P. 271; *De Mattos v. Saunders*, L. R. 7 C. P. 570.

(b) *Lond. Bomb. & Med. Bk. v. Narraway*, L. R. 15 Eq. 93; 42 L. J. Ch. 329.

There are some important differences between this statute and the statutes of set-off. The introduction of the words "mutual credits," "or other mutual dealings," is one of the most remarkable.

Meaning of mutual credit.

It was early decided that mutual credit meant something more extensive than mutual debt (*c*), and it was finally settled, "that mutual credits, within the meaning of the bankrupt law, are credits which must, in their nature, terminate in debts" (*d*). That is, credits which have a natural tendency to terminate in claims not differing in nature from a debt (*e*).

What is a credit.

An accommodation acceptance is a credit given by the acceptor to the party accommodated (*f*); and so is an accommodation indorsement, which the indorser has been obliged to take up, even after bankruptcy (*g*). But although an agreement to accept a bill creates a credit, since the acceptance is itself a debt (*h*), an agreement to indorse a bill does not, since it merely constitutes a suretyship (*i*). It has also been laid down that whoever takes a bill must be considered as giving credit to the acceptor, and whoever takes a note, credit to the drawer (*k*).

Dealing with goods.

Any agreement by which goods are to be dealt with by one party for the benefit of another, will also create a credit. Therefore, where the bankrupt entrusted the defendant, who was his creditor, with a string of pearls to be sold by defendant, and the profits to be paid to himself, and the defendant sold the pearls after bankruptcy, it was held that he might set off his debt against an action by the assignees for the proceeds (*l*). In another case, the bankrupt, who was about to make a shipment, in which he wished his own name not to appear,

(*c*) *Ex parte Prescott*, 1 Atk. 230.

(*d*) *Rose v. Hart*, 8 Taunt. 499. Mutuality is still necessary under the Act of 1883: *Mid-Kent Fruit Factory*, [1896] 1 Ch. 567; 65 L. J. Ch. 250.

(*e*) 2 Sm. L. C. 298, 10th ed.

(*f*) *Smith v. Hodson*, 4 T. R. 211; *Russell v. Bell*, 8 M. & W. 277; *Bittleston v. Timmis*, 1 C. B. 389.

(*g*) *Hulme v. Muggleston*, 3 M. & W. 30.

(*h*) *Gibson v. Bell*, 1 Bing. N. C. 743.

(*i*) *Rose v. Simms*, 1 B. & Ad. 521.

(*k*) *Per Bayley, J., Collins v. Jones*, 10 B. & C. 777, 782. It is not necessary to constitute mutual credit that the parties both intended that there should be mutual credit; therefore, it is sufficient, though the bill or note be taken by indorsement from a third party without the knowledge of the acceptor or maker. *Byles on Bills*, p. 473, 15th ed.

(*l*) *French v. Fenn*, Cooke, B. L., 8th ed. 565.

represented to the merchants through whom the shipment was to be effected, that the goods were the defendant's; and induced the defendant to write to them to insure, and make advances on the goods, which was done. It was held that this was such a credit reposed in the defendant, as enabled him, when he had got the proceeds of the goods, to set off a debt due from the bankrupt to him. Bayley, J., said that it amounted to a consent by the bankrupt that the defendant should be considered the owner of the goods, and that the money produced by the consignment should pass through his hands. In that case he would have a right to deduct from it the debt due to him (*m*). In a more recent case, running bills were delivered to bankers for collection, the proceeds to be transmitted to the depositors. It was held that this was a giving of credit to the bankers (*n*).

The debts to be set off against each other must be due in the same right; therefore to an action for money had and received to the use of the assignee, a set-off of money due from the bankrupt was held bad (*o*); but not so where both debts accrued due after the act of bankruptcy (*p*); or where the plea, while confessing that the money was received to the use of the assignees, showed that their title to it arose out of a credit given by the bankrupt; for then it appeared that both debts were respectively due to and from the estate (*q*). Where one of several joint debtors becomes bankrupt, the provisions of the statute have been held not to apply (*r*).

Must be due
in same right.

There is a difference between this statute and the statutes of set-off as to the degree of interest which must be had in the

A mere
trustee cannot
set off in
bankruptcy.

(*m*) *Easum v. Cato*, 5 B. & A. 861. See *Young v. Bank of Bengal*, 1 Moo. P. C. 150; explained *Alsager v. Currie*, 12 M. & W. 751, 757.

(*n*) *Naoorji v. Chartered Bank of India*, L. R. 3 C. P. 444; 37 L. J. C. P. 224. See further *Astley v. Gurney*, L. R. 4 C. P. 714; 38 L. J. C. P. 357, in Ex. Ch.

(*o*) *Groom v. Mealey*, 2 Bing. N. C. 138; *Wood v. Smith*, 4 M. & W. 525; *Yates v. Sherrington*, 11 M. & W. 42; *Graham v. Allsopp*, 3 Exch. 186.

(*p*) *Kinder v. Butterworth*, 6 B. & C. 42.

(*q*) *Bittleston v. Timmis*, 1 C. B. 389, 399, 400. See *Bailey v. Johnson*, L. R. 6 C. P. 279; affirmed L. R. 7 C. P. 263; 41 L. J. C. P. 211; and the comments upon and explanation of that case in *Ex parte Morier*, 12 Ch. D. 491; 49 L. J. Bkcy. 9. See, also, as to the respective rights of a landlord and the trustee of a bankrupt tenant, *Alloway v. Steere*, 10 Q. B. D. 22; *Ex parte Dyke*, 22 Ch. D. 410.

(*r*) *New Quebrada Co. Limited v. Carr*, L. R. 4 C. P. 651; 38 L. J. C. P. 283; decided upon 12 & 13 Vict. c. 106, s. 171.

debt from the bankrupt. The statutes of set-off are intended to prevent cross-actions. If the debts are legal debts, due to each in his own right, it is sufficient, though the plaintiff or defendant may claim their respective debts as a trustee for a third person. But under the Bankruptcy Acts, the mutual credit clause has not been so construed. The object of this clause is not to avoid cross-actions, but to do substantial justice between the parties where a debt is really due from the bankrupt to the debtor to his estate. It does not authorise a set-off where the debt, though legally due from the bankrupt to the debtor, was really due to him as trustee for another; and though recoverable in a cross-action, would not have been recovered for his own benefit (*s*). Therefore a defendant was not allowed to set off the amount of a bill, in which he had no interest, but which he had obtained in order to claim credit for the amount against a debt owed by himself to the bankrupt acceptor (*t*). Nor the amount of the bankrupt's notes, which the defendant, a banker, had received *bonâ fide* from his customers, but on condition that he was only to credit them with the amount which was paid in respect of them by the assignees; because he could gain nothing in any event by the notes, but all the money received upon them would be received to the use of the person who transferred them (*u*). But a broker insuring in his own name on behalf of an undisclosed principal, for whom he acts on a *del credere* commission, guaranteeing the solvency of the underwriter, has been considered to have a real interest in the contract, sufficient to entitle him to set off a loss against a claim of the assignees of a bankrupt underwriter for unpaid premiums (*x*).

Credit must
exist at time
of bank-
ruptcy.

Although, as we have seen, it is not necessary that there should be an actual debt between the parties at the time of

(*s*) *Per Cur.*, *Forster v. Wilson*, 12 M. & W. 191, 203. A bank which has received from a constituent moneys which were in fact trust moneys, and which were carried to a separate account, but which had received no notice of the trust, is entitled to set them off against its own claim in a liquidation: *Union Bank of Australia v. Murray-Aynsley*, [1898] A. C. 693.

(*t*) *Fair v. M'Irer*, 16 East, 130: *Belcher v. Lloyd*, 10 Bingh. 310: *Lackington v. Combes*, 6 Bing. N. C. 71: *Lond. Bomb. & Med. Bk. v. Narraway*, L. R. 15 Eq. 93; 42 L. J. Ch. 329.

(*u*) *Foster v. Wilson*, *ubi sup.*

(*x*) *Lee v. Bullen*, 8 E. & B. 692 (*u*); 27 L. J. Q. B. 161.

bankruptcy, since possession of a bill not then due will be sufficient (y), the statute does not apply unless the mutual credit existed at that time. Therefore, where plaintiff and defendant were jointly entitled to the benefits of a charter-party, and the plaintiff assigned his interest to a third party, giving notice of the assignment to the defendant, and afterwards became bankrupt, it was decided that the assignment had put an end to the credit, and therefore that it could not be the ground of a set-off. But a mere nominal assignment of a debt, before the bankruptcy of one of the parties to a mutual credit, would not alter it (z).

So with mutual dealings the line as to set-off must as a general rule, and in the absence of special circumstances, be drawn at the commencement of the bankruptcy (a).

So with mutual dealings.

A further difference between this section of the Bankruptcy Act, 1883, and the statutes of set-off, arises out of the provision which, instead of restricting the set-off to debts in the strict legal sense of the word, directs in wide terms, that where there have been mutual credits, mutual debts, or other mutual dealings between the bankrupt and any other person "proving or claiming to prove a debt under the receiving order," an account shall be taken and the balance paid. By section 37 of the same Act (b), with the exception of demands in the nature of unliquidated damages arising otherwise than by reason of a contract, promise, or breach of trust (c), and of debts or liabilities, the value of which the Court may pronounce to be incapable of being fairly estimated, all "debts and liabilities, present or future, certain or contingent," are to be deemed to be debts provable in bankruptcy; and the definition of the word liability is, that it shall for the purposes of the Act, "include

Set-off not limited to debts.

Future liabilities.

(y) *Alsager v. Currie*, 12 M. & W. 751.

(z) *Boyd v. Mangles*, 16 M. & W. 337, 344.

(a) *In re Gillespie, Ex p. Reid*, 14 Q. B. D. 963 : 54 L. J. Q. B. 342 : *In re Milan Tramways Co.*, 25 Ch. D. 587 : 53 L. J. Ch. 1008. Exceptional cases may, however, arise where the act of bankruptcy has been secret, *Elliott v. Turquand*, 7 App. C. 79 : 51 L. J. P. C. 1.

(b) 46 & 47 Vict. c. 52.

(c) See, as to set-off in cases of unliquidated damages, *Gibson v. Bell*, 1 Bing. N. C. 743 : *Groom v. West*, 8 Ad. & El. 758 : *Buchanan v. Findlay*, 9 B. & C. 738 : *Booth v. Hutchinson*, L. R. 15 Eq. 30 : 42 L. J. Ch. 492 : *West v. Baker*, 1 Ex. D. 44 : 45 L. J. Ex. 113 : *Ex parte Waters*, L. R. 8 Ch. 562 : *Ex parte Peacock, ib.* 682 : *Peat v. Jones*, 8 Q. B. D. 147 : *Jack v. Kipping*, 9 Q. B. D. 113.

any compensation for work or labour done, any obligation or possibility of an obligation to pay money, or money's worth, on the breach of any express or implied covenant, contract, agreement, or undertaking, whether the breach does or does not occur, or is or is not likely to occur, or capable of occurring, before the discharge of the debtor; and generally it shall include any express or implied engagement, agreement, or undertaking to pay, or capable of resulting in the payment of money or money's worth, whether such payment be as respects amount fixed or unliquidated; as respects time, present or future, certain or dependent on any one contingency, or on two or more contingencies: as to mode of valuation, capable of being ascertained by fixed rules, or as matter of opinion" (d).

Case must admit of an account being taken.

It seems, however, that even now a debt may be provable under s. 37, though it cannot be set off under s. 38. A policy-holder in a life assurance company borrowed money from the company on his policy. Before the death of the assured the company was wound up, and an estimated value was put upon the policy. Afterwards, the policy-holder filed a petition for liquidation, and a trustee was appointed. The official liquidator of the company proved against the estate of the policy-holder for the amount advanced to him, and the trustee claimed to set off the estimated value of the policy. It was held that he could not do so. James, L.J., said, "The mutual credit clause in the Bankruptcy Act, 1869, enlarged by these words 'mutual dealings,' still requires that there must be something of an account to be taken of what is due upon the one side and what is due upon the other. In that sense there never was anything due from the insurance company of which an account could be

(d) Under the Judicature Act of 1875, 38 & 39 Vict. c. 77, s. 10, ss. 37 & 38 of the Bankruptcy Act of 1883 are imported into proceedings for the administration of the assets of a deceased person, whose estate is insolvent, and for the winding-up of an insolvent company under the Companies Acts, 1862 and 1867. In such cases claims for unliquidated damages may be set off: *Mersey Steel & Iron Co. v. Naylor*, 9 Q. B. D. 648; affd. 9 App. Ca. 434; 53 L. J. Q. B. 497. Former Acts, in force before 1869, contained clauses providing for the proof of debts payable upon a contingency, and liabilities to pay upon a contingency, upon the construction of which there were numerous judicial decisions; but under the extensive words of the present Act, these decisions no longer require notice here. They will be found, if required, in pp. 58-60, 1st ed.

taken." And Mellish, L.J., said, "If this company had never stopped or been wound up, and the company had come to prove for the debt due, the trustee never could have claimed a set-off. There would have been no cause of action and no proof at all. It does not in my opinion make any difference that the company is being wound up. It appears to me that that fact does not bring it within the 'mutual credit' clause. I apprehend that the value of policies is not a sum due at all, but it is a sum which is arrived at under the winding up for the purpose of regulating the proof of debts. But it never was a debt, nor is it a sum which ever, in the proper sense of the word, would become payable as for money due under the mutual credit clause; and I think, therefore, that the liquidators are entitled to prove for the full amount" (e).

Where, however, the policy had actually matured, before the commencement of the action though after the commencement of the liquidation, the assured was allowed to set off the policy money due to him against the liquidator's claim for money lent by the company on the policy (f).

In cases to which the statute applies, the effect of s. 38 is to make the set-off compulsory, so that the sum due by one party operates as a payment, *pro tanto*, of the amount claimed by him. And if he has a lien or security for the amount of his debt, as soon as the set-off extinguishes the debt, it also destroys the lien (g).

Set-off
extinguishes
debt.

(e) *Ex parte Price*, L. R. 10 Ch. 648. The Act of 1869, under which this case was decided, contained similar provisions to those in the Act of 1883.

(f) *Sovereign Life Assurance Co. v. Dodd*, [1892] 2 Q. B. 573; (C. A.) 62 L. J. Q. B. 19.

(g) *Ex parte Barnett*, L. R. 9 Ch. 293, 297; 43 L. J. Bank. 87.

CHAPTER III.

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| 1. <i>Damages Limited by Amount claimed.</i> | 2. <i>Liquidated Damages and Penalty.</i> |
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BEFORE proceeding to discuss the rules of law, by which damages are limited in the various forms of action, it will be necessary to point out two cases in which they are limited by the acts of the parties themselves.

Damages cannot exceed amount laid.

The first case involves no difficulty. It arises out of the rule, that the plaintiff cannot recover greater damages than he has claimed (*a*). It is said indeed by Lord Coke (*b*), that in some cases the plaintiff might have judgment for more damages than he has counted for; and this dictum was relied on by Lee, C.J., in *Ray v. Lister* (*c*). It has been pointed out, however, by Lord Ellenborough, that the mistake arose from a misconception of an old case in the Year Books (*d*). "It by no means establishes that the plaintiff may have more damages against the defendant than what he has counted for against him, but that having counted in detinue against the defendant for damages to a certain amount, he may recover against the garnishee (against whom he has alleged no particular amount of damages) a greater sum than he has laid as his damages against the defendant" (*e*).

Nor amount liquidated by previous agreement.

The second case presents much greater difficulty. It is that in which the parties to a contract by previous agreement, fix the damages for its breach at a particular sum. Here the

(*a*) *Cheveley v. Morrison*, 2 W. Bl. 1300; *Watkins v. Morgan*, 6 C. & P. 661.

(*b*) 10 Rep. 117 b.

(*c*) Andr. 384.

(*d*) 8 Hen. VI. 5 a.

(*e*) 4 M. & S. 99; 1 Roll. Abr. 578.

question at once arises, whether the sum so fixed ought to be regarded as a penalty, or as liquidated damages.

This distinction is a most important one, because where the sum consists of the liquidated damages for breach of the agreement, fixed and agreed upon between the parties, that very sum is the ascertained damage, and the jury are confined to it (*f*). And if a verdict is given for a smaller sum, a new trial will be granted (*g*). And of course equally so if the verdict were for a larger sum. On the contrary, where the sum is treated as a penalty, either more or less than the amount stated may be recovered.

Distinctions between penalty and liquidated damages.

Upon both of these points, however, there are some further niceties to be observed. And first as to cases where the damages are liquidated; although the plaintiff is entitled to the exact sum, and can in no case recover more, it seems he may recover less, or nothing, unless he sues in form for the precise amount. Therefore, where the defendant covenanted not to lop any trees without the consent of the plaintiff, under a penalty of 20*l.* for each tree over and above the actual value of the tree, and the plaintiff sued for breach of the covenant not to lop, without alleging non-payment of the 20*l.*; it was held, that the covenant (even assuming the damage to be liquidated) was alternative, not to lop, or, if he did, to pay liquidated damages. "If, then, the plaintiff is seeking to recover liquidated damages, he should have alleged, that though the defendants lopped the trees, they did not pay the stipulated amount: otherwise it does not follow that they have broken their covenant. We must assume from this breach, that the plaintiff is seeking to recover an unliquidated amount, in which case the jury are at liberty to give such damages as they think he has sustained" (*h*). There the meaning of the covenant was held to be, first, that the defendant would not lop the trees; and, secondly, if he did, that he should pay a definite amount. The plaintiff had therefore the option of suing generally for breach of the agreement, or specifically for the sum agreed on. But when the covenant is, that the defendant

Necessary to sue in form for liquidated damages, as such.

(*f*) *Lowe v. Peers*, 4 Burr. 2229; *Crisdee v. Bolton*, 3 C. & P. 442, overruling *Randall v. Everett*, 2 C. & P. 577.

(*g*) *Farrant v. Olmuis*, 3 B. & A. 692.

(*h*) *Hurst v. Hurst*, 4 Exch. 571; 19 L. J. Ex. 413.

may do a thing, provided he pays a particular amount, there the plaintiff can only sue for the amount stated, being the price put upon the permitted act (*i*).

Where there is a penalty, plaintiff may recover less or more than the amount.

In the next place, as to a penalty, there is a distinction according to the mode in which the plaintiff sues, which may be well stated in the words of Lord Mansfield: "There is a difference between covenants in general, and covenants secured by a penalty or forfeiture. In the latter case, the obligee has his election. He may either bring an action of debt for the penalty, and recover it (after which recovery of the penalty he cannot resort to the covenant, because the penalty is to be a satisfaction for the whole), or if he does not choose to go for the penalty, he may proceed upon the covenant, and recover more or less than the penalty, *toties quoties*" (*k*). When the plaintiff sues in form for the penalty the jury cannot go beyond it; but within it they may give him any compensation to which he can prove himself entitled (*l*). On the other hand, where a charter-party was secured by a penalty, it was ruled that upon breach, the plaintiff had his choice, either to receive the penalty and rescind the contract, or to bring an action upon the contract, and let the covenant stand, and so obtain greater damages than the penalty (*m*); though it would have been otherwise if the agreement had been for liquidated damages (*n*).

Origin of the distinction between a penalty and liquidated damages.

It is probable that the distinction between a penalty and liquidated damages is seldom, or never, present to the minds of those who enter into agreements, and the Courts in recent times have often expressed a wish that the simple plan had been invariably adopted of allowing people to enter into any agreement they liked, and keeping them to it. The first relaxation of such a system commenced with the Courts of

(*i*) *Leigh v. Lillie*, 6 H. & N. 165; 30 L. J. Ex. 25. A provision that if a person does a particular thing he shall pay a particular sum of money, does not carry with it the right to do the particular thing on payment, if the act itself is forbidden. It merely gives the other party to the agreement an alternative remedy in case of breach: *Weston v. Metropolitan Asylum*, 8 Q. B. D. 387; 9 Q. B. D. 404; 51 L. J. Q. B. 399; and see *post*, p. 157, note (*w*).

(*k*) *Lowe v. Peers*, 4 Burr. 2228.

(*l*) *Wilbeam v. Ashton*, 1 Camp. 78; *Wilde v. Clarkson*, 6 T. R. 303.

(*m*) *Winter v. Trimmer*, 1 W. Bl. 395; *Harrison v. Wright*, 13 East, 433; *Maylam v. Norris*, 2 D. & L. 829.

(*n*) 13 East, 345.

Equity. They drew a distinction between the primary intention of a contract, and the machinery contained in the contract by which that intention was to be carried out. If the primary object was to secure the doing, or refraining from a particular act, they considered that the party to be benefited should be satisfied if they compelled or forbade the act in question, or where this was impossible, if they awarded him reasonable compensation. They disregarded the penalties or forfeitures which the parties themselves had agreed to. In other words, they substituted their own machinery for that which was provided by the parties. But where the primary intention was, that if some particular act was not done, then some other act should be substituted for it, they held that the alternative act was not machinery, but the essence of the contract, against which no relief could be given. As Lord Mansfield said in *Lowe v. Peers* (o), "In leases containing a covenant against ploughing up meadow, if the covenant be not to plough, and there be a penalty, a Court of Equity will relieve against the penalty; but if it is worded, to pay £5 an acre for every acre ploughed up, there is no alternative, no room for any relief against it, no compensation; it is the substance of the agreement."

The Courts of Common Law originally recognised no such distinction, treating every part of the contract as being equally binding. The result of this conflict was that no action could be brought for a penalty, without the action being restrained. That induced the legislature to interfere by stat. 8 & 9 Will. III., c. 11, s. 8, which provided that "In all actions in any Court of record upon any bond, or in any penal sum, for non-performance of any covenants or agreements, contained in any indenture, deed, or writing, the plaintiff may assign as many breaches as he shall think fit; and the jury shall assess not only such damages and costs as have heretofore been usually done, but also damages for such of the breaches as the plaintiff upon the trial of the issues shall prove to have been broken." The course prescribed by the statute was, after some conflicting decisions, held to be obligatory (p). The result was, that whenever a

Effect of
Stat. 8 & 9
Will. 3, c. 11,
s. 8.

(o) 4 Burr. 2229.

(p) 1 Wms. Notes to Saunders, p. 68.

plaintiff sued to recover a fixed sum of money as being payable by the defendant upon a breach of contract, the Court had to decide whether such sum was a *penal sum* within the meaning of the statute. If it was, then he could only recover the actual damages he had suffered. If it was not a penal sum, then they were bound to award him the amount specially agreed on, neither more nor less. (*q*).

Penalty, or liquidated damages, is a question of law.

The question whether a sum mentioned in an agreement to be paid for a breach is to be treated as a penalty, or as liquidated and ascertained damages, is a question of law to be decided by the judge, upon a consideration of the whole instrument (*r*). And the principle upon which he is to proceed is, simply to ascertain the real intention of the parties from the language they have used (*s*). The following rules are offered as aiding to ascertain that intention :

A sum stated to be a penalty is *prima facie* so.

I. Where the sum is expressly stated to be a penalty, and there are no other words or circumstances altering, controlling, or affecting this statement, the sum cannot be considered as liquidated damages (*t*). But the language used in describing the amount payable on a breach is not conclusive. Where the agreement was, "In consideration that A., of M., surgeon, will engage me the undersigned B. as assistant to him as surgeon, I, the said B., promise the said A. that I will not at any time practise as surgeon at M., or within seven miles thereof, under a penalty of 500*l*," this was held to be liquidated damages. Coltman, J., said, "Although the word 'penalty,' which would *prima facie* exclude the notion of stipulated damages, is used here, yet we must look at the nature of the agreement, and the surrounding circumstances, to see whether the parties intended the sum mentioned to be a penalty or stipulated damages. Considering the nature of this agreement, and the difficulty the plaintiff would be under in showing what specific damage

(*q*) This explanation of the mode in which the Courts of common law came to adopt the doctrines of equity was given by Bramwell, B., in *Betts v. Burch*, 4 H. & N. 506 ; 28 L. J. Ex. 267, which was approved by Willes, J., in *Hinton v. Sparkes*, L. R. 3 C. P. at p. 166 ; 37 L. J. C. P. 81. See also *Lord Elphinstone v. Monkland*, 11 App. Ca. at p. 348.

(*r*) *Sainter v. Ferguson*, 7 C. B. 727.

(*s*) *Dimech v. Corlett*, 12 Moore, P. C. at p. 229 : *Reynolds v. Bridge*, 6 E. & B. 528 ; 26 L. J. Q. B. 12.

(*t*) *Smith v. Dickenson*, 3 B. & B. 630 : *Slowman v. Walter*, 1 Bro. C. C. 418.

he had sustained from the defendant's breach of it, I think we can only reasonably construe it to be a contract for stipulated and ascertained damages" (u). And so on a guarantee that a vessel in which the plaintiff had shipped goods, should sail before any other vessel then in berth, "under penalty of forfeiting one-half of the freight," it was held that one-half of the freight could be recovered as liquidated damages, without evidence of actual damage (x).

On the other hand, notwithstanding the contrary ruling in *Reilly v. Jones* (y), it is now settled that the mere use of the words "liquidated damages" is not decisive against the sum being held to be a penalty. The principle is, that although the parties may have used the term "liquidated damages," yet if the Court can see upon the whole of the instrument taken together, that there was no intention that the entire sum should be paid absolutely on non-performance of any of the stipulations of the deed, they will reject the words and consider it as being in the nature of a penalty only (z).

Use of the words "liquidated damage" not conclusive.

In *Kemble v. Farren* (a), the Court held a sum to be a penalty which had been described by the parties themselves as "liquidated and ascertained damages, and not a penalty or penal sum or in the nature thereof."

Where it is doubtful from the terms of the contract, whether the parties meant that the sum should be a penalty or liquidated damages, the inclination of the Court will be to view it as a penalty (b). But the mere largeness of the amount fixed will not, *per se*, be sufficient reason for holding it to be so (c).

In cases of doubt, inclination in favour of penalty.

(x) *Sainter v. Ferguson*, 7 C. B. 716, 728. And see *Leighton v. Wales*, 3 M. & W. 545; *Parfitt v. Chambre*, L. R. 15 Eq. 36; 42 L. J. Ch. 6; *Toomey v. Murphy*, [1897] 2 Ir. Rep. 601.

(x) *Sparrow v. Paris*, 7 H. & N. 594; 31 L. J. Ex. 137.

(y) 1 Bingham. 302.

(z) *Per Parke, B., Green v. Price*, 13 M. & W. 701; affirmed, 16 M. & W. 346; *Cole v. Sims*, 23 L. J. Ch. 258. The use of the expression "penalty," or "liquidated damages," signifies nothing, the real intention of the parties having to be ascertained. See *Sparrow v. Paris*, 7 H. & N. 594; 31 L. J. Ex. 137; *per Bramwell, B., Betts v. Burch*, 4 H. & N. at p. 510; 28 L. J. Ex. at p. 271; *Dimech v. Corlett*, 12 Moo. P. C. 299; *Magee v. Larell*, L. R. 9 C. P. 107; 43 L. J. C. P. 131; *Jones v. Hough*, 5 Ex. D. 115; *Rayner v. Comdor*, [1895] 2 Q. B. 289; 64 L. J. Q. B. 540.

(a) 6 Bing. 141, *post*, p. 155.

(b) *Barton v. Glover*, Holt. N. P. C. 43; *Crisdee v. Bolton*, 3 C. & P. 243.

(c) *Ibid.*, and *per Lord Eldon, Astley v. Weldon*, 2 B. & P. 351; and *per Lord Romilly, Herbert v. Salisbury and Yeovil Ry. Co.*, L. R. 2 Eq. 224.

Principle of decision as to penalty or liquidated damages.

II. In considering whether a stipulation to pay a sum of money on breach of condition is to be treated as a penalty or as liquidated damages, the test appears to be, whether the loss which will accrue to the plaintiff from an infringement of the contract can, or cannot, be accurately or reasonably calculated in money antecedently to the breach. If it can be so calculated, then the fixing of a larger sum of money will be treated as a penalty. Where the loss is absolutely uncertain it will be treated as liquidated damages.

Case of a smaller sum secured by agreement for a greater one.

1. Where the payment of a smaller sum is secured by a larger, the sum agreed for must always be considered as a penalty (*d*). And, therefore, where a contract to do, or abstain from something, is secured by an agreement to pay a fixed sum, and upon the face of the same instrument a certain damage less than that sum is made payable, in case of a breach of contract, that sum shall be construed to be a penalty (*e*). The facts in reference to which the above rules were stated were as follows. There were mutual agreements between the manager of a theatre and an actress, that he should pay her a certain weekly salary and travelling expenses, and that she should perform at his theatre, and comply with all its rules, and be subject to and pay all fines; and that either of them neglecting to perform that agreement should pay to the other 200*l*. The action was for a refusal to perform. It was held that the 200*l*. was a penalty, otherwise a refusal to pay a trifling fine, or to do something which by the rules of the theatre was punishable by a fine, would have entailed the entire liability.

Thompson v. Hudson.

The same rule, substantially, was laid down by Lord Hatherley, C., in the case of *Thompson v. Hudson* (*f*), in the following words:—"Where there is a debt actually due, and in respect of that debt a security is given, be it by way of mortgage, or be it by way of stipulation that in case of its not being paid at the time appointed, a larger sum shall become payable, and be paid, in either of those cases equity regards the security that has been given as a mere pledge for the debt, and it will not allow

(*d*) *Per* Chambre, J., *Astley v. Weldon*, 2 B. & P. at p. 354: *per* Coleridge, J., *Reynolds v. Bridge*, 6 E. & B. 528; 26 L. J. Q. B. 12.

(*e*) *Per* Lord Eldon, 2 B. & P. at p. 350.

(*f*) L. R. 4 H. L. 1, 15.

either a forfeiture of the property pledged, or any augmentation of the debt as a penal provision ; on the ground that equity regards the contemplated forfeiture, which might take place at law with reference to the estate, as in the nature of a penal provision, against which equity will relieve when the object in view, namely, the securing of the debt, is attained ; and regarding also the stipulation for the payment of a larger sum of money, if the sum be not paid at the time it is due, as a penalty and a forfeiture against which equity will relieve."

But if the larger sum is actually due, and the creditor agrees to take a lesser sum, provided that sum is secured in a certain way and paid on a certain day, and that if those stipulations be not performed, he shall be entitled to recover the whole of the original debt, such remitter to his original right does not constitute a penalty, and a Court of Equity will not interfere to prevent it (*g*).

Otherwise when greater sum actually due.

Upon this principle, "if a mortgagor agrees to pay 5 or 6 per cent. interest, and the mortgagee agrees to take less, say 4 per cent., if it is paid punctually, that is a perfectly good agreement ; but if the mortgage interest is at 4 per cent., and there is an agreement that if it is not paid punctually 5 or 6 per cent. interest shall be paid, that is in the nature of a penalty, which the Court will relieve against." But a high rate of interest does not of itself constitute a penalty. And if a contract provides that purchase money shall bear interest at one rate up to a particular date, at a higher rate up to a further date, and at a still higher beyond that period, such a contract is perfectly lawful, and will be enforced. And a proviso that these stipulations shall not entitle the persons who are to pay the higher rate of interest to delay the payment, rather tells

Varying rates of interest.

(*g*) *Thompson v. Hudson*, L. R. 4 H. L. 1 ; 38 L. J. Ch. 431.. This was decided in the House of Lords in opposition to the Master of the Rolls and the Lord Justices. Lord Westbury said, that any plain man walking the streets of London would have said that it was in accordance with common sense, and if he were told that it would be requisite to go to three tribunals before getting it accepted, would have held up his hands with astonishment at the state of the law. In *Lord Ashtown v. White*, 11 Ir. L. R. 400, where a demise of land at a yearly rent of 187*l.*, with usual clauses for distress and entry on non-payment, contained an agreement that so long as the lessee performed the covenant, the lessor would be content with the yearly rent of 93*l.*, payable on the same days as the first reserved rent, it was held that the larger rent was not a penal rent, and that ejectment could be maintained on its non-payment.

against them than for them (*h*). So where an award directed that the defendant should secure to the plaintiff an annuity of 1,200*l.* per annum within two months, and if at the end of the second month the annuity was not legally secured, should on the last day of that month, and of each succeeding month until such annuity was legally secured, pay a further sum of 100*l.* in addition to the payments due under the annuity, "as a penalty for delay in the legal settlement of the same"; it was held upon default in securing the annuity, that the plaintiff was entitled to the 100*l.* monthly in addition to the full amount of the annuity (*i*). Where a bond stipulated for the payment of a sum of money by instalments, a proviso that the whole amount should immediately become payable in default of any single instalment, is not a penalty, and will be literally enforced, even though the instalments are calculated so as to cover interest and premiums for the insurance of the debtor's life (*k*).

Where there
is only one
event.

2. There never was any doubt that if there be only one event upon which the money is to become payable, and there is no adequate means of ascertaining the precise damage that may result to the plaintiff from the breach of the contract, it is perfectly competent to the parties to fix a given amount of compensation, in order to avoid the difficulty (*l*). And this, even though the contract be one of indemnity, as an insurance policy, and it can be proved that the plaintiff has not been damaged to the amount estimated (*m*). And so it has been repeatedly held, that where, upon a contract of sale, a sum of money is deposited by the purchaser, with a stipulation that it is to be forfeited on his failure to perform the contract, the vendor is entitled to retain it, even though he has suffered less damage or none (*n*). The same rule applies to all cases where

(*h*) *Per* Lord Romilly, M.R., *Herbert v. Salisbury and Yeovil Ry. Co.*, L. R. 2 Eq. 221—224.

(*i*) *Parfitt v. Chambré*, L. R. 15 Eq. 36; 42 L. J. Ch. 6; *General Credit and Discount Co. v. Glegg*, 22 Ch. D. 549; 52 L. J. Ch. 297; *Rai Balkishen v. Raja Run*, L. R. 10 I. A. 162.

(*k*) *Protector Loan Co. v. Grice*, 5 Q. B. D. 592; 49 L. J. Q. B. 812.

(*l*) *Per* Cresswell, J., *Sainter v. Ferguson*, 7 C. B. 730; *Fletcher v. Dyche*, 2 T. R. 32; *Sparrow v. Paris*, 7 H. & N. 594; 31 L. J. Ex. 137; *Elphinstone v. Monkland*, 11 App. Ca. 332, pp. 345—348; *Law v. Local Board of Redditch*, [1892] 1 Q. B. 127; 61 L. J. Q. B. 172; *Ward v. Monaghan*, 11 Times L. R. 529.

(*m*) *Ircing v. Manning*, 6 C. B. 391.

(*n*) *Reilly v. Jones*, 1 Bingh. 302; *Hinton v. Sparkes*, L. R. 3 C. P. 161; 37 L. J. C. P. 8; *Lea v. Whitaker*, L. R. 8 C. P. 70.

a deposit is made as security for the performance of a contract, even though there may be many stipulations, some of which may be trifling, and some may be for the payment of money on a given day (*o*). Upon the same principle, in the common case of a pupil's removal from school without proper notice, if the schoolmaster's stipulation was for a term's notice or for a term's fee he will be entitled to the whole of the term's fee (*p*); but if the stipulation was only for a term's notice he will recover only his loss of profit (*q*).

3. The same sum cannot in the same agreement be treated as a penalty for some purposes, and as liquidated damages for others. Hence, where an agreement provides for several events, and a fixed sum is made payable on any breach, if it would have to be treated as a penalty in one or more events, it will be considered a penalty in regard to all. "Accordingly, where some of the stipulations in a covenant are of a certain nature and amount, and some are of an uncertain nature and amount, it would be right to say, that as the sum could not be treated as liquidated damages in respect of one or more of the stipulations, it ought not to be so treated in respect of the others" (*r*). This view of an agreement is invariably taken where some of the breaches relate to pecuniary payments, which are in their nature ascertained.

Rule where several events are provided for.

The leading case upon this part of the subject is that of *Kemble v. Farren* (*s*). There the defendant had engaged to act as principal comedian at Covent Garden for four seasons, conforming in all things to the rules of the theatre. The plaintiff was to pay him 3*l.* 6*s.* 8*d.* every night the theatre was open, with other terms. The agreement contained a clause that if either of the parties should neglect or refuse to fulfil

Kemble v. Farren.

(*o*) *Per* Jessel, M.R., *Wallis v. Smith*, 21 Ch. D. at p. 258; 52 L. J. Ch. at p. 149; apparently on the ground that the stakeholder is not authorised to return the whole deposit if the contract is broken, and that there is no mode by which he can apportion any lesser sum as payable in the event of a breach.

(*p*) *Lenzen v. Thornton*, 3 Times Law Reports, 657.

(*q*) *Denman v. Winstanley*, 4 Times Law Reports, 127.

(*r*) *Per* Coleridge, J., *Reynolds v. Bridge*, 6 E. & B. 528; 26 L. J. Q. B. 12. *Per* Lord Eldon, *Astley v. Weldon*, 2 B. & P. 346, at pp. 350, 352; *Re Newman*, 4 Ch. D. 724; 46 L. J. Bank. 57; *Wallis v. Smith*, 21 Ch. D. 243, pp. 256, 268, 275; 52 L. J. Ch. 145, pp. 148, 154, 158; *Elphinstone v. Monkland*, 11 App. Ca. 332; *Willson v. Lore*, [1896] 1 Q. B. 626; 65 L. J. Q. B. 474.

(*s*) 6 Bing. 141. See *per* Lord Westbury, L. R. 4 H. L. 30.

the said agreement, or any part thereof, or any stipulation therein contained, such party should pay to the other the sum of 1,000*l.*, to which sum it was thereby agreed that the damages sustained by any such omission, &c., should amount ; and which sum was thereby declared by the said parties *to be liquidated and ascertained damages, and not a penalty, or penal sum, or in the nature thereof*. Notwithstanding these sweeping words, the Court decided that the sum must be taken to be a penalty, as it was not limited to those breaches which were of an uncertain nature and amount. And Tindal, C.J., said, "that a very large sum should become immediately payable, in consequence of the non-payment of a very small sum, and that the former should not be considered a penalty, appears to be a contradiction in terms ; the case being precisely that in which Courts of Equity have always relieved, and against which Courts of Law have in modern times endeavoured to relieve, by directing juries to assess the real damages sustained by breach of the agreement" (*t*). And the same decision was arrived at where the agreement was that the defendant should grant a lease, and the plaintiff should execute a counterpart and pay the expenses ; for the mutual performance of which contract the parties bound themselves in the penalty of 500*l.* to be recovered against the defaulter as liquidated damages (*u*).

Cases where
damage from
breach cannot
be measured.

On the other hand, if there be a contract consisting of one or more stipulations, the breach of which cannot be measured, then the contract must be taken to have meant that the sum agreed on was to be liquidated damages, and not a penalty (*v*). A common instance is the case of agreements between professional men, binding a retiring partner, or an apprentice or

(*t*) 6 Bing. 148. Such an agreement, however, it has been said, might be made, for it is laid down by Parke, B., 1 Ex. 665, "that it would be competent for the parties to make a stipulation to pay a certain sum on the non-performance of a covenant to pay a smaller sum ; but they must do so in express terms : and if that be done, I do not see how the Courts can avoid giving effect to such a contract." But see *per* Lord Hatherley in *Thompson v. Hudson*, L. R. 4 H. L. p. 15, *ante*, p. 152.

(*u*) *Boys v. Ancell*, 5 Bingh. N. C. 390 : *Daries v. Penton*, 6 B. & C. 216 : *Charrington v. Laing*, 6 Bingh. 242 : *Beckham v. Drake*, 8 M. & W. 846 : *Magee v. Larell*, L. R. 9 C. P. 107 ; 43 L. J. C. P. 131 : *In re Newman*, 4 Ch. D. 724 : 46 L. J. Bk. 57.

(*v*) *Per* Parke, B., *Atkins v. Kinnier*, 4 Exch. 776, 783. So where a specified increased rent was to become payable on breach of any of the covenants in the lease : *Smith v. Ryan*, 9 Ir. L. R. 235.

clerk, not to interfere with the business of the other. For example, where a covenant for dissolution of partnership between attorneys contained an agreement, "that the said J. S. will not within the next seven years carry on the business of an attorney within fifty miles from E., nor interfere with, solicit, or influence the clients of the late copartnership, and if the said J. S. shall in any respect infringe the present covenant, he the said J. S. shall pay the sum of 1,000*l.* as liquidated damages, and not by way of penalty," the contract was literally enforced (*w*).

4. It has been laid down broadly "that where articles contain covenants for the performance of several things, and then one large sum is stated at the end to be paid on breach of performance, that must be considered a penalty" (*x*). This *dictum* in its full extent is certainly not law, as it would apply to the case of a contract containing several stipulations all of primary importance, and equally uncertain as to the amount of damages resulting from breach (*y*). A modified form of the rule was stated by Lord Coleridge, C.J., in the case of *Magee v. Lavell* (*z*), where he said, "If we look to the nature of the contract in the

Where there are several stipulations of varying importance.

(*w*) *Galworthy v. Strutt*, 1 Exch. 659; 17 L. J. Ex. 226; *Rawlinson v. Clarke*, 14 M. & W. 187. So *Reynolds v. Bridge*, 6 E. & B. 528; 26 L. J. Q. B. 12. And where the form of the bond given upon the sale of a medical practice, was that if any of certain prohibited things were done, and the sum of 300*l.* paid, then the bond should be void: that sum was held recoverable upon an infraction of the agreement: *Mercer v. Irving*, E. B. & E. 563; 27 L. J. Q. B. 291. But it does not follow in every such case, that a man may elect to break his engagement by paying for his violation of the contract. Therefore, where the condition of a bond given by a managing clerk to an attorney, after reciting an agreement that the clerk should give a bond not to practise within a specified distance, was that if he did so practise, and should pay the sum of 1,000*l.*, the bond should be void, a Court of Equity, carrying out the real intention of the parties, granted an injunction to prevent him from practising: *Howard v. Woodward*, 34 L. J. Ch. 47; *Jones v. Hearens*, 4 Ch. D. 636. See too *Weston v. Metropolitan Asylum*, 8 Q. B. D. 387; 9 Q. B. D. 404; 51 L. J. Q. B. 399; *National Provincial Bank of England v. Marshall*, 40 Ch. D. 112; 58 L. J. Ch. 229. But of course this was upon the plaintiff's undertaking not to sue upon the bond. A man cannot have his liquidated damages and his writ of injunction also: *Carnes v. Nesbitt*, 7 H. & N. 158; 30 L. J. Ex. 348.

(*x*) *Per* Heath, J., *Astley v. Weldon*, 2 B. & P. p. 353; *per* James, L.J., *Re Newman*, 4 Ch. D. p. 731; 46 L. J. Bk. 57.

(*y*) *Per* Coleridge, J., *Reynolds v. Bridge*, 6 E. & B. p. 540; 26 L. J. Q. B. p. 16; *per* Parke, B., *Athyns v. Kinnier*, 4 Exch. p. 783; *Galworthy v. Strutt*, 1 Exch. 659; 17 L. J. Ex. 226.

(*z*) L. R. 9 C. P. p. 115, approved by Bramwell, L.J.: *Re Newman*, 4 Ch. D. p. 733; 46 L. J. Bk. p. 59.

present case, it will be seen that it involves several events of various degrees of importance, and therefore, according to the general principle governing such cases, the sum mentioned must be considered as a penalty, and not liquidated damages." A third rule was laid down by Bayley, J., as follows: "Where the sum which is to be a security for the performance of an agreement to do several acts, will, in case of breaches of the agreement, be in some instances too large, and in others too small a compensation for the injury thereby occasioned, that sum is to be considered a penalty" (a). This rule seems to rest, not upon the varying importance of the stipulations, but upon the unsuitableness of the sum fixed upon in case of the breach which would lead to an inference that the parties themselves did not contemplate being bound by it. The whole subject was fully discussed in the later case of *Wallis v. Smith* (b). There the plaintiff agreed to sell an estate for 70,000*l.* to the defendant, and the defendant agreed to build upon it, and to complete the buildings within ten years. A deposit of 5,000*l.* was to be paid by the defendant, and the contract went on to provide, that "If the defendant should commit a substantial breach of the contract, either in not proceeding with due diligence to carry out and complete the works, or in failing to perform any of the provisions therein contained, then and in either of the said events the deposit money of 5,000*l.* was to be forfeited; and if the balance of such deposit had not then been paid, then the defendant should forfeit and pay a sum of money equal to such balance, the intention being that if default was made by the defendant as aforesaid, he should forfeit and pay to the plaintiff by way of liquidated damages, the sum of 5,000*l.*, and the agreement to be void and of no effect." No part of the deposit of 5,000*l.* was paid by the defendant, who expended nothing on the estate, and performed none of the acts stipulated for. The plaintiff then sued for the 5,000*l.* as liquidated damages, and it was held by the Court of Appeal, in affirmance of the decision of Fry, J., that he was entitled to recover it. Jessel, M.R., after an exhaustive review of all the

(a) *Davies v. Penton*, 6 B. & C. p. 223: approved by Alderson, B. *Horner v. Flintoff*, 9 M. & W. p. 681.

(b) 21 Ch. D. 243; 52 L. J. Ch. 145.

cases, pointed out that although the above *dicta* seemed to lay down a positive rule, the actual decisions were limited to cases where one or more of the stipulations was or were for the payment of a sum of money less than that named as liquidated damages. He summed up as follows : " Although (c) I wish to leave the question open where there are several stipulations, and one or more is or are of such a character that the damages must be small, I do not wish for a moment to abstain from stating my opinion that there is no such doctrine where there are several stipulations, though they may not be of equal importance, or where there are several stipulations irrespective of importance, which is the doctrine laid down by Mr. Justice Heath, and apparently approved of by Lord Justice James. There is neither authority nor principle for such doctrine, and I cannot see that it is established by any case which is binding on this Court." To the same effect was the judgment of Lord Justice Cotton. He said (d), " It is not sufficient, in my opinion, to say that the covenants to the breach of which this applies, are of varying importance. That may be so, but yet the parties may very reasonably come to the conclusion that they will agree between themselves that the sum mentioned shall be assessed between them as the damages, in consequence of the breaches of these various covenants. Probably there may be an exception, that where some of the covenants are of such a character that obviously the damages which can possibly arise from a breach in any way of that covenant would be very insignificant compared with the sum which has been fixed by the parties, there the Court will give the non-natural construction to the terms used by the parties. In my opinion, that comes within the same principle as where the Courts have interfered, where one

(c) 21 Ch. D. p. 265 ; 52 L. J. Ch. p. 152.

(d) 21 Ch. D. p. 270 ; 52 L. J. Ch. p. 155. See remarks upon this case in *Willson v. Lorr*, [1896] 1 Q. B. 626. In an Irish case, a lease for years contained a special provision for the course of husbandry to be observed during the last four years, with a covenant that, in the event of a breach of the stipulated arrangement, the lessee should pay double rent from default till the expiration of the lease : two out of three judges held that this was a penalty, and the third judge held that it was liquidated damages : *Dickson v. Lough*, 18 Ir. L. Rep. C. L. 518. The object of the covenant was to restore the land at the end of the lease to a good condition for a renewed letting, and it may be doubted whether the real meaning of the parties would not have been better carried out by a literal enforcement of the covenant.

of the covenants has been for payment of a sum of money where the damage is capable of being assessed accurately, and is very much below the sum named."

The result is, that an agreement with various covenants of different importance is not to be governed by any inflexible rule peculiar to itself, but it is to be dealt with as coming under the general rule, that the intention of the parties themselves is to be considered. If they have said that in the case of any breach a fixed sum is to be paid, then they will be kept to their agreement, unless it would lead to such an absurdity or injustice, that it must be assumed that they did not mean what they said.

CHAPTER IV.

INTEREST.

1. *At Common Law.*
2. *As Damages.*

3. *By Statute.*
4. *On reversal of Decree.*

THE next point of a preliminary nature which requires notice, is the right to recover interest. This right exists in a great number of actions, but I have thought it better, for the sake of clearness, to place the whole subject before the reader in a single view.

Interest is recoverable, either upon the original cause of action, or again upon the amount of the judgment. It may also arise either at common law, or by statute.

I. First, then, as to interest at common law upon the original cause of action. Interest at common law.

It is now established as a general principle that interest is allowed by law only upon mercantile securities, or in those cases where there has been an express promise to pay interest, or where such promise is to be implied from the usage of trade, or other circumstances (*a*).

1. As to the case of bills of Exchange and promissory notes, On bills and notes. this rule has never been doubted. Some distinctions, however, prevail as to the time from which interest is to be computed, and the rate at which it is to be calculated, where any part of the contract has been entered into abroad. This subject will be discussed at length, *post*, Chap. VIII.

2. Cases in which there has been an express agreement in words to allow interest, are, of course, quite clear. Where, Express agreement.

(*a*) *Per* Abbott, C.J., *Higgins v. Sargent*. 2 B. & C. 349 : *per* Hall. V.C., *Hill v. South Staffordshire Ry. Co.*, L. R. 18 Eq. 154, 167 ; 43 L. J. Ch. 556 : *per* Lindley, J., *L. C. & D. Ry. v. S. E. Ry. Co.*, [1892] 1 Ch. p. 140 ; 61 L. J. Ch. 294.

however, A. and B., who had jointly and severally granted an annuity, mutually agreed each to pay one half of it, and to indemnify the other against all actions, suits, charges, damages, demands, sums of money and expenses, which either of them might incur through the default of the other in paying his just share ; it was held that one who had paid more than his just share was not entitled at law to interest (as interest and not as damages) upon the surplus. The Court said, " The contract is to pay the money and damages ; there is no express contract to pay interest, nor any course of dealing from which such a contract can be implied " (b).

Implied
agreement.

Compound
interest.

3. Where parties have acquiesced in a course of dealing, in which interest was exacted, they will be assumed to have contracted to pay it (c) ; and in this way even compound interest may be charged as long as the accounts remain open (d). But although compound interest may be charged, by means of half-yearly rests, where such a practice is assented to, it is not sufficient to show that such has been the usage of the plaintiff, without proving that the defendant was acquainted with it (e). *A fortiori* not, where compound interest had been allowed under a mistaken belief that it was stipulated for by the document under which the debt was due (f). And even in the case of merchants' accounts where this system prevails, the plaintiff can recover no more than the principal upon the *last* balance, in which there is no new account, and no new transaction, however long it may be before the action is brought to recover the balance ; and the jury cannot give interest, still less compound interest, upon the balance (g). And the same rule applies between banker and customer. Accounts which are

(b) *Hell v. Free*, 1 Swanst. 90.

(c) *Ex parte Williams*, 1 Rose, 399.

(d) *Bruce v. Hunter*, 3 Camp. 467 : *Newell v. Jones*, 4 C. & P. 124 : *Eaton v. Bell*, 5 B. & A. 34 : *Fergusson v. Fyffe*, 8 Cl. & F. 121 : *Mosse v. Salt*, 32 Beav. 269 ; 32 L. J. Ch. 756.

(e) *Dawes v. Pinner*, 2 Camp. 486, n. : *Moore v. Voughton*, 1 Stark. 487. And see *Williamson v. Williamson*, L.R. 7 Eq. 542, where acquiescence in a banker's charge of 500*l.* for a half year's commission on an overdrawn account, was held not to entitle the banker to make the same charge as of right in subsequent half-years. Also *Croskill v. Bower*. 32 Beav. 86 ; 32 L. J. Ch. 540.

(f) *Daniell v. Sinclair*, 6 App. Cas. 181.

(g) *Attwood v. Taylor*, 1 M. & G. at p. 301 : *Waring v. Cunliffe*, 1 Ves. Jr. 99 : *Ex parte Beran*, 9 Ves. 223 : *Fergusson v. Fyffe*, 8 Cl. & F. 121.

made up with yearly or half-yearly rests, while the relationship continues, only bear simple interest from the time it is terminated by death or otherwise (*h*).

Again, where a party undertakes to pay a debt by means of a bill or note, which would, if given, bear interest, and fails to give the note, the debt will bear interest from the time the bill or note would have been due (*i*). But the contract to pay by bill must be clearly made out. Therefore, where the defendant undertook to pay money according to instructions to be received from a third party, and the instructions given were to pay it in discharge of a bill given by that third party, and then in the plaintiff's hands, it was held that this was not an undertaking to pay by bill, on which interest would run, though interest would run on a direct guarantee for payment of a bill (*j*).

Where payment to be made by bill.

It is a question for the jury to say whether the defendant had contracted to pay by bill or not, and slight evidence on this point has been held sufficient. Goods were sold to the defendant in January, and in April he wrote to the plaintiff, saying, "The document you have sent me appears to be in the nature of a bill, and being payable to your order, is good in the market; just what I wished to avoid. The document I have wished to give you was simply my promissory note, payable to yourself." Nothing was proved to have been said at the time of the contract about payment, and no demand for interest had ever been made, but the plaintiff claimed interest in his particulars of demand. It was decided that this letter offered some evidence of an agreement to pay by a note, upon which the jury were warranted in giving interest (*k*).

A question of fact.

The principle of these decisions, of course, is, that where a person promises to give a bill, which would bear interest, the law will imply an engagement, in case no bill is given, to pay interest as if it had been given (*l*). It seems to be on the same principle that where a bond is given with a penalty in

Bond with a penalty.

(*h*) *Per* Lord Selborne, C., *Barfield v. Loughborough*, L. R. 8 Ch. p. 7; 42 L. J. Ch. 179.

(*i*) *Slack v. Lowell*, 3 Taunt. 157; *Marshall v. Poole*, 13 East, 98; *Farr v. Ward*, 3 M. & W. 25; *Rhoades v. Lord Selsey*, 2 Beav. 359.

(*j*) *Hare v. Richards*, 7 Bing. 254.

(*k*) *Davis v. Smyth*, 8 M. & W. 399.

(*l*) 3 Taunt. 161.

a larger amount, to secure payment of a sum of money, interest will be allowed even without an express stipulation. "The principal money due and the interest thereon may be considered as part of the penalty (*m*). Because the object of the penalty is to secure him to whom it is given against all damage arising from default. Now one of the most obvious sources of damage is the loss of interest on the sum due (*n*). In one case (*o*) where interest was allowed in an action on a bond, it is not stated that there was any penalty as there was in the instance last cited; but as the case was decided by Lord Ellenborough, and clearly did not come within any of the rules laid down by himself four years previously (*p*), it may fairly be concluded that the bond was drawn in the ordinary form, so as to account for the decision. Where the defendants bound themselves to pay 1,500*l.* in goods, by three equal payments, at three, five, and seven months; "in failure of which we acknowledge and hereby render ourselves liable to be sued and proceeded against *for the amount*"; it was held that the instrument did not carry interest, on the ground that it had not the effect of a bond; as there was no penalty, and the parties were bound only in the amount which was to be actually paid (*q*). And in *Hogan v. Page* (*r*), it was decided that a single bond did not carry interest.

The principle of the above cases was affirmed and generalised in a recent case (*s*) where two railway companies entered into a joint traffic agreement, by virtue of which the accounts of the companies were to be exchanged and balanced every month, 75 per cent. of the amount due on either side being paid on or before the 15th of the next month, and the balance in the next month. Lindley, L.J., said, "Except as altered by the Act 3 & 4 Will. IV. c. 42, the old law as to interest remains. But, notwithstanding this rule against interest, if a person agreed to do something other than pay money, and he broke his

(*m*) *Per* Bayley, J., *Cameron v. Smith*, 2 B. & A. 308.

(*n*) *Farguhar v. Morris*, 7 T. R. 124.

(*o*) *Hellier v. Franklin*, 1 Stark. 291.

(*p*) *Calton v. Bragg*, 15 East, 223.

(*q*) *Foster v. Weston*, 6 Bing. 709.

(*r*) 1 B. & P. 337.

(*s*) *L. C. & D. Ry. Co. v. N. E. Ry. Co.*, [1892] 1 Ch. 120, pp. 142, 146; 61 L. J. Ch. 294; affd. [1893] A. C. 429.

agreement, an action for damages would lie against him ; and, in estimating those damages and as part of them, interest might be reckoned on money which would have become payable by him with interest if he had not broken his agreement, and thereby prevented the principal falling due. . . . Whether interest would be given depended upon whether the money, if it had become payable at law, would at law have borne interest." Bowen, L.J., said, " If the action of the plaintiffs is to be taken as an action for breach of an agreement, the fulfilment of which would have resulted in the ascertainment of a sum capable of carrying interest by the verdict of the jury, either by reason of its being a debt payable at a certain time, or of its becoming payable on demand, in such a case of special damage the interest might be recoverable for breach of the agreement, the fulfilment of which might have resulted in what I have said."

Formerly it was thought, where a sum of money was agreed to be paid on a particular day, that on default interest from that day might be recovered without any express or implied contract to that effect (*t*). But this doctrine has now been overruled (*u*). It has, however, been always held that where, by an award, money is made payable on a certain day, interest ought to be allowed from that day, if payment was demanded at the place appointed (*x*). I cannot, on principle, explain this exception. Many apparent exceptions to the rule, that interest is only recoverable in the cases just mentioned, may be explained by distinguishing between interest recovered as part of the debt, and interest recovered as damages for its detention. For instance, interest on a deposit may be recovered, if laid as special damage in an action for breach of agreement to sell an estate (*y*). So it may be allowed as

Money payable on a fixed day.

Awards.

Interest recoverable as damages.

(*t*) *Blaney v. Hendricks*, 2 W. Bl. 761; 3 Wils. 205, S. C. : *Shipley v. Hammond*, 5 Esp. 114; *Chalie v. Duke of York*, 6 Esp. 45; *De Harilland v. Bowerbank*, 1 Camp. 50; *Mouniford v. Willes*, 2 B. & P. 337.

(*u*) *Gordon v. Swan*, 12 East. 419; *Higgins v. Sargent*, 2 B. & C. 348; *Page v. Newman*, 9 B. & C. 378; *Foster v. Weston*, 6 Bing. 709; *Cook v. Fowler*, L. R. 7 H. L. 27; 43 L. J. Ch. 855. See the cases reviewed in *L. C. & D. Ry. Co. v. S. E. Ry. Co.*, [1893] A. C. 429.

(*x*) *Pinkhorn v. Tuckington*, 3 Camp. 468; *Churcher v. Stringer*, 2 B. & Ad. 777; *Johnson v. Durant*, 4 C. & P. 327.

(*y*) *De Bernales v. Wood*, 3 Camp. 258; *Farquhar v. Farley*, 7 Taunt. 592.

damages in an action on a mortgage deed, after the day of default (z); or upon a contract to pay money upon a particular day (a); or upon a covenant to indemnify a surety (b). Where a written security is given for the payment of money on a particular day, with interest up to that day at a fixed rate, a claim for subsequent interest would be a claim for damages at the discretion of the tribunal before which the demand is made, and not for interest due as a matter of law. The former rate might, but need not be, adopted in assessing the damages (c). Where a mortgage deed provided for interest at 10 per cent. up to the time fixed for payment, but contained no covenant for interest after that date, the Court held that subsequent interest could only be awarded as damages, and refused to grant more than 5 per cent. (d). And it is laid down as a general rule, that although it be not due *ex contractu*, a party may be entitled to damages in the form of interest where there has been long delay under vexatious and oppressive circumstances, in the payment of what is due under the contract (e). Where a person under a contract of purchase enters into possession of property which produces a profit, such as machinery, and then declines to carry out his purchase, the vendor is entitled to interest on the value of the property by way of damages (f).

Cases in which interest is not recoverable.

Interest cannot be recovered as such in an action against the vendor of an estate, the sale of which has gone off, for recovery of the deposit which has been lying idle (g), though it may be recovered as special damages for breach of the contract if so

(z) *Dickenson v. Harrison*, 4 Price, 282; *Atkinson v. Jones*, 2 A. & E. 439; *Price v. G. W. Ry. Co.*, 16 M. & W. 244.

(a) *Watkins v. Morgan*, 6 C. & P. 661.

(b) *Petre v. Duncombe*, 20 L. J. Q. B. 242; 2 L. M. & P. 107, S. C.

(c) *Cook v. Fowler*, L. R. 7 H. L. 27—32; 43 L. J. Ch. 855.

(d) *Re Roberts*, 14 Ch. D. 49; *Mellersh v. Brown*, 45 Ch. D. 225.

(e) *Hilhouse v. Davis*, 1 M. & S. 169; *Arnott v. Redfern*, 3 Bingh. 353; and see *Caledonian Ry. Co. v. Carmichael*, L. R. 2 H. L. Sc. 56; *Webster v. Brit. Mut. Life Ass. Co.*, *post*, p. 172; *Rishton v. Griesnell*, L. R. 10 Eq. 393. So in Equity, an executor or trustee who unnecessarily retains money which he ought to have invested or paid over, will be made to pay interest. See *per* Lord Chelmsford, C., *Blogg v. Johnson*, L. R. 2 Ch. at p. 228; 36 L. J. Ch. at p. 860. By the Attorneys' and Solicitors' Act, 1870, 33 & 34 Vict. c. 28, s. 17, taxing officers may allow interest on moneys of the client improperly retained by the attorney or solicitor, and on disbursements made by the latter for the client.

(f) *Marsh v. Jones*, 40 Ch. D. 563.

(g) *Bradshaw v. Bennett*, 5 C. & P. 48; *Maberley v. Robins*, 5 Taunt. 625.

laid (*h*). But the principal and auctioneer stand on a different footing, and in an action against the latter to recover the deposit paid to him, interest cannot be recovered, even as damages, unless perhaps after demand and refusal on the contract being rescinded (*i*). Not even when the auctioneer has made interest upon the money while in his hands; and although he was requested by one of the parties before the completion of the contract to invest it (*k*). Interest is not due as such in an action for money secured on mortgage, after day of default, without covenants to pay interest, but may be recovered as damages (*l*). Nor in an action for money lent, unless there has been a usage to that effect (*m*); or for money had and received (*n*), even though by the course of dealing between the defendant and the person from whom the money was received to the plaintiff's use, the sum would have borne interest; for "no right passed to the plaintiff but a right to demand the sum actually in defendant's hands" (*o*). And it makes no difference that the money has been obtained by fraud (*p*). Nor in actions for money paid (*q*); or on an account stated (*r*); or for goods sold, even though to be paid for on a particular day (*s*), though it is otherwise where payment was to be made by a bill (*t*). Nor in an action for work and labour (*u*); nor on money lying with a banker (*x*); nor upon a policy of insurance (*y*). Nor are annuitants entitled to

(*h*) *De Bernales v. Wood*, 3 Camp. 258 : *Farquhar v. Farley*, 7 Taunt. 592.

(*i*) *Lee v. Munn*, 8 Taunt. 45.

(*k*) *Harrington v. Hoggart*, 1 B. & Ad. 577.

(*l*) *Ante*, p. 166.

(*m*) *Calton v. Bragg*, 15 East, 223 : *Shaw v. Picton*, 4 B. & C. 723.

(*n*) *Walker v. Constable*, 1 B. & P. 306.

(*o*) *Frühling v. Schræder*, 2 B. N. C. 79.

(*p*) *Crookford v. Winter*, 1 Camp. 124.

(*q*) *Carr v. Edwards*, 3 Stark. 132 : *Hicks v. Mareco*, 5 C. & P. 498.

(*r*) *Nichol v. Thompson*, 1 Camp. 52, n. : *Thalie v. Duke of York*. 6 Esp. 45 : *Blaney v. Hendricks*, 2 W. Bl. 761, *contra*, overruled per Abbott, C.J., 2 B. & C. 349.

(*s*) *Gordon v. Swan*, 12 East, 419 : *Mountford v. Willes*, 2 B. & P. 337. merely decides that if the jury allow interest, (which they clearly may do as damages,) the court will not disturb their verdict. See 2 Camp. 429.

(*t*) See *ante*, p. 163.

(*u*) *Trelawney v. Thomas*, 1 H. Bl. 303 : *Milsom v. Hayward*, 9 Price. 134.

(*x*) *Edwards v. Verr*, 5 B. & Ad. 282.

(*y*) *Kingston v. McIntosh*, 1 Camp. 518 : *Bain v. Case*, 3 C. & P. 496.

Foreign judgments.

interest on the arrears of their annuities (*z*). Interest is not recoverable as such in an action upon a foreign judgment, where the subject of the claim is not one which would bear interest in this country (*a*). But it may be left to the jury to say whether the plaintiff has used proper means to find out the defendant and enforce the judgment; and if they find for him, they may give such interest as they wish (*b*).

Partners.

In cases of partnership, no interest is chargeable against a partner who draws out more than his stipulated shares of the profits, even though the deed expressly forbids such an over-drawing, unless there is a special provision in the deed, or an established usage that interest shall be charged (*c*). Nor of course has one partner any claim against the other for interest on his share of capital, unless there is an agreement to that effect (*d*). Where there is such an agreement, it comes to an end upon a dissolution, and interest will cease to run from that date, even though the trade may be continued with a view to winding-up, and profits may be realised (*e*). Subject to agreement a partner is entitled to interest at 5 per cent. in advances made to the firm beyond his agreed capital (*f*). And where the partnership deed stipulates that either partner may make advances beyond his share of the capital, and that such advances shall be treated as loans to the partnership, and bear interest, they will continue to do so even after a dissolution, until repayment (*g*). But any practice by which such interest was computed during the partnership with rests would terminate at a dissolution (*h*).

Tender.

Interest does not run after a tender (*i*). And where a

(*a*) *Earl of Mansfield v. Ogle*, 4 De G. & J. 41; *Booth v. Coulton*, 30 L. J. Ch. 378; *Blogg v. Johnson*, L. R. 2 Ch. 225; 36 L. J. Ch. 859.

(*a*) *Doran v. O'Reilly*, 3 Price, 250; *Atkinson v. Lord Braybrooke*, 4 Camp. 380.

(*b*) As damages it would appear. *Bann v. Dalzell*, 3 C. & P. 376; *McClure v. Dunkin*, 1 East, 436.

(*c*) *Rhodes v. Rhodes*, Johns. 653; 29 L. J. Ch. 418; *Meymott v. Meymott*, 31 Beav. 445; 32 L. J. Ch. 218.

(*d*) See the Partnership Act, 1890: 53 & 54 Vict. c. 39, s. 24, subs. (4).

(*e*) *Watney v. Wells*, L. R. 2 Ch. 250; 36 L. J. Ch. 861; *Barfield v. Loughborough*, L. R. 8 Ch. 1; 42 L. J. Ch. 179.

(*f*) 53 & 54 Vict. c. 39, s. 24, subs. (3).

(*g*) *Wood v. Scoles*, L. R. 1 Ch. 369, 378; 35 L. J. Ch. 547; *Barfield v. Loughborough*, L. R. 8 Ch. 1; 42 L. J. Ch. 179.

(*h*) *Barfield v. Loughborough*, *ib. sup.*

(*i*) *Dent v. Dunn*, 3 Camp. 296.

defendant, sued upon a debt which bears interest, wishes to pay money into court, he must pay the interest up to the time of the payment into court. If he merely pay interest up to the commencement of the action, the plaintiff may proceed for the difference (*k*). Payment into court.

Interest must, in all other cases, be calculated up to the day on which judgment is pronounced in Court, the judgment being, in the absence of special leave, entered as of that date. It was formerly calculated up to the time of signing judgment (*l*), and judgment was considered to be signed for this purpose, when the *incipitur* was entered in the Master's book. The moment that entry was made, the plaintiff was entitled to receive his debt and damages, and an unascertained amount of costs (*m*). Time up to which interest is computed.

Interest recovered at law is always 5*l.* per cent. (*n*). Where a contract has been made abroad, it will bear interest at the foreign rate till judgment signed, but only the legal interest of 5*l.* per cent. (now, by statute 1 & 2 Vict. c. 110, s. 17, 4*l.* per cent.) from the time of signing judgment (*o*). Rate of interest.

II. As to the cases in which interest is given by statute, 3 & 4 W. IV. c. 42, s. 28, enacts (*p*) "that upon all debts or sums certain, payable at a certain time or otherwise, the jury on the trial of any issue, or on any inquisition of damages, may, if they shall think fit, allow interest to the creditor, at a rate not exceeding the current rate of interest, from the time when such debts or sums certain were payable, if such debts or sums be payable by virtue of some written instrument at a certain time, or if payable otherwise, then from the time when demand of payment shall have been made in writing, so as such demand shall give notice to the debtor that interest will be claimed Interest by Statute.

(*k*) *Kidd v. Walker*, 2 B. & Ad. 705.

(*l*) *Robinson v. Bland*, 2 Burr. 1081. O. 41, R. 3. See *post*, p. 173.

(*m*) *Fisher v. Dudding*, 3 Sco. N. R. 516.

(*n*) Sugd. V. & P. 816; *Upton v. Lord Ferrers*, 5 Ves. 803: *Re Roberts*, 14 Ch. D. 49.

(*o*) *Bodily v. Bellamy*, 2 Burr. 1096. As to interest on foreign bills, see more fully *post*, c. viii. Interest which is payable by a special contract upon a bill of exchange, may, after judgment for the principal sum, be recovered in a subsequent action, for a period up to the date of the judgment in the first action; but not for a subsequent period, because the right to interest under the agreement ceases at the date of the judgment: *Florence v. Drayson*, 1 C. B. N. S. 584: S. C. nom. *Florence v. Jennings*, 26 L. J. C. P. 274: *Ex parte Fewings*, 25 Ch. D. 338.

(*p*) This statute is said by Thesiger, L.J., to be merely declaratory of the common law; 15 Ch. D. p. 178.

from the date of such demand, until the term of payment. Provided that interest shall be payable in all cases in which it is now payable by law."

S. 29. "The jury on the trial of any issue, or on any inquiry of damages, may, if they shall think fit, give damages in the nature of interest, over and above the value of the goods at the time of the conversion or seizure, in all actions of trover or trespass de bonis asportatis, and over and above all money recoverable in all actions on policies of insurance made after the passing of this Act."

Meaning
of word
"certain."

Under s. 28, a sum will be considered certain, when it can be made so by calculation (*q*). Therefore where a party had paid a number of excessive charges to a railway company under protest, and sued for the balance, it was held that he might recover interest upon it, having made a proper written demand (*r*). With reference to time, it is no objection that the time depends upon a contingency, if the contingency must inevitably arrive, and has arisen. Money payable within six calendar months after the death of the promisor is payable at a certain time (*s*). On the other hand, a debt can never be treated as payable at a certain time, where the day of payment depends upon a future contingent event, which may never arrive, or upon a mutual accounting of the parties, or upon a settlement of matters that are or may be in dispute. A contract between a railway company and a contractor provided that payments should be made monthly, as the works proceeded, on the certificate of the company's engineer. Nothing was said as to interest. The contractor made a demand in writing for a sum, as being the balance due to him, and claimed interest. His accounts were disputed, and ultimately he was found to be entitled to less than half of what he had claimed. It was held that the claim did not come within the statute either as to amount or as to time. Not as to amount, because it could not be found in the contract itself what sum was payable under it. Not as to time, because no time could be alleged at which the

(*q*) *Harper v. Williams*, 4 Q. B. 219, 224.

(*r*) *Edwards v. G. W. Ry. Co.*, 11 C. B. 588; 21 L. J. C. P. 72.

(*s*) *Re Horner* [1896] 2 Ch. 188, following *Knapp v. Burnaby*, 9 W. R. 765.

amount due to the contractor was certain, before the certificate was given (*t*). A similar decision was given in the following case: A party agreed to pay money by a letter in which the following words occurred: "I shall pay all the principal, interest, and costs through a friend of mine in L., to whom a transfer of all the securities will have to be made; the cash will be ready, if the securities will, on the 16th inst.": the securities were in the plaintiff's hands, and were not ready for transfer till some time after the 16th, and the transfer never was effected: it was held that this did not amount to a promise to pay on a day certain. It was also decided in the same case that an acceptance of the above offer, and a subsequent letter concluding, "Will you be good enough to inform us what you now propose to do; you are aware that we hold your undertaking," did not amount to a demand in writing under the above section (*v*). A demand, however, will be a sufficient compliance with the statute, although it does not follow its very words, if it gives the defendant substantial notice that if he keeps the plaintiff's money longer in his hands, he will be held liable for interest upon it, from the time he is served with the demand till the time of payment of the principal. Accordingly, where the notice stated that the plaintiff would expect interest from a period considerably anterior to the date of his letter, it was held sufficient (*v*). A claim on the writ for interest upon the amount claimed from the date of the writ till payment is not a good demand under the statute (*x*).

What is a sufficient demand.

Where the defendant is entitled to notice of action under any statute, it seems that the notice must contain a demand of

Notice of action.

(*t*) *Hill v. South Staffordshire Ry. Co.*, L. R. 18 Eq. 154; 43 L. J. Ch. 556; *L. C. & D. Ry. Co. v. S. E. Ry. Co.* [1892], 1 Ch. 120; 61 L. J. Ch. 294; [1893] A. C. 429; overruling *Duncombe v. Brighton & Norfolk Hotel Co.*, L. R. 10 Q. B. 371; 44 L. J. Q. B. 216. See judgment of Sir John Coleridge, 7 Moo. I. A. p. 278.

(*u*) *Harper v. Williams*, 4 Q. B. 219.

(*r*) *Mowatt v. Lonsborough*, 3 E. & B. 307; affirmed in Ex. Ch. 4 E. & B. 1; 23 L. J. Q. B. 38. See as to demand of interest on notice of a call to a contributory, *Ex parte, Lintott*, L. R. 4 Eq. 184; *Barrow's case*, L. R. 3 Ch. 784. As to liability for interest on calls after forfeiture of the shares, see *Stocken's case*, L. R. 3 Ch. 412; 37 L. J. Ch. 5, 230.

(*x*) *Rhymney Ry. Co. v. Rhymney Iron Co.*, 25 Q. B. D. 146; 59 L. J. Q. B. 414.

interest. But this defence can only be set up where the want of notice has been pleaded specially. And in such a case, if the action and all matters in difference have been referred to an arbitrator, he may give interest, whether it was demanded in the notice of action or not (*y*).

Written instrument by virtue of which a debt is payable.

Where the statute speaks of money payable by virtue of a written instrument, it means a written instrument which sets forth an obligation to pay at a certain time. Therefore a mere letter of application for a loan until a day named, is not sufficient to satisfy the statute. Because the obligation to pay, if it ever arose at all, would arise not from the letter, but from it coupled with what was done upon it (*z*).

Wrongful detention of debt.

In the absence of contract, interest cannot be recovered either at common law or under the statute, unless there has been a wrongful detention of money which ought to have been paid. Hence when an insurance company refused to pay the assignee of a life policy upon mere proof of the death of the insured, without the consent of the legal personal representative of the deceased, and no such representative had been constituted, it was held that the non-payment upon this ground was not a default on the part of the company, and that interest upon the policy could not be awarded in respect of the period which had elapsed since the death (*a*).

Discretion of the jury.

Wherever interest is solely given by this statute, in a case which comes within its provisions, the jury are left entirely to their own discretion whether they will grant it or not, and where they think fit to withhold it, the Court will not interfere. Therefore, where the agreement was to pay a debt by half-yearly instalments, on specified days, "with interest for the same sums at the rate of 5*l.* per cent. per annum, to be reckoned from 1st October then next, until the day of payment thereof, such interest to be paid by equal half-yearly payments"; it was decided that interest upon the arrears of interest could not be allowed at common law; that it might be given under the stat. 3 & 4 W. IV. c. 42, s. 28, but that as the jury had refused to allow it, the propriety of their decision

(*y*) *Edwards v. G. W. Ry. Co.*, 11 C. B. 588; 21 L. J. C. P. 72.

(*z*) *Taylor v. Holt*, 3 H. & C. 452; 34 L. J. Ex. 1; *Merchant Shipping Co. v. Armitage*, L. R. 9 Q. B. 99, 114; 43 L. J. Q. B. 24.

(*a*) *Webster v. British Empire Co.*, 15 Ch. D. 169; 49 L. J. Ch. 769.

could not be questioned (*b*). Nor can their decision be questioned, though they give interest at 5*l.* per cent. when this is higher than the current rate of interest at the time (*c*).

Interest can only be given under this statute by the jury. Accordingly, where a plaintiff, after making a demand for the express purpose of obtaining interest, consented to a compromise which deprived him of his right to go before a jury, without stipulating for interest, he was held to have lost his right to it (*d*). Jury only can give interest.

III. As to interest upon judgments, it was enacted by 1 & 2 Vict. c. 110, s. 17, that every judgment debt should carry interest at the rate of 4*l.* per cent. from the time of entering up the judgment (*e*). The act equally applied to all such judgments, whether against the defendant, for the subject-matter of the suit, or against the plaintiff for costs (*f*). By the new rules interest at 4*l.* per cent. both on the amount of the judgment and on the costs may be recovered from the time when the judgment was entered or made (*g*). Interest upon judgments.

On an appeal from the High Court, interest for such time as execution has been delayed before appeal will be allowed, unless the Court or a judge otherwise orders (*h*). In cases of appeal.

In case of equitable claims, not expressly barred by the law of limitation, Courts of equity will, in general, limit the arrears of interest awarded to the period fixed by statute, unless there are special circumstances which entitle the claimant to special consideration (*i*). Equitable claims.

IV. Where a person has been turned out of possession of property, or compelled to pay a sum of money, by decree of Court, the reversal of that decree entitles him to be replaced Interest on moneys re-funded where decree reversed.

(*b*) *Attwood v. Taylor*, 1 M. & G. 279. See *per* Hall, V.-C., L. R. 18 Eq. 170.

(*c*) *Mowatt v. Lord Londesborough*, 4 E. & B. 1.

(*d*) *Berrington v. Phillips*, 1 M. & W. 48.

(*e*) So by Order 42. R. 16.

(*f*) *Pitcher v. Roberts*, 2 Dowl. N. S. 394: *Newton v. Conyngham*, 17 L. J. C. P. 288.

(*g*) O. 42, R. 16, and Forms, Appendix H. See, as to interest on debts proved in Chambers in the Chancery Division, and on Legacies, O. 55, RR. 62, 64.

(*h*) O. 58, R. 19: and see *Lanc. & Yorkshire Ry. Co. v. Gidlow*, L. R. 7 H. L. 517; 45 L. J. Ex. 625.

(*i*) *Thomson v. Eastwood*, 2 App. Cas. 215.

in the same position as if the proper decree had been passed at first. Therefore he has a right, not only to have all money paid by him under the erroneous decree refunded, but also to have interest on such refund. But it is not the usage to allow interest on costs paid, and afterwards refunded, unless there has been an order of the Court, or an agreement of the parties, to that effect (*k*).

(*k*) *Rajah Lelamund Singh v. Maharajah Luckmiasur Singh*, 13 Moo. Ind. Ap. 490; *Rodger v. Comptoir D'Escompte de Paris*, L. R. 3 P. C. 465; 40 L. J. P. C. 1; *Forester v. Secretary of State for India*, L. R. 4 Ind. Ap. 137; *Merchant Banking Co. v. Mand*, L. R. 18 Eq. 659. The rate of interest allowed in this last case was 4 per cent.: *Karberg's case* [1892], 3 Ch. 17; 61 L. J. Ch. 741.

CHAPTER V.

CONTRACTS OF SALE.

I. Contracts for sale of chattel.

1. *Actions for price of goods received.*
2. *Actions for not accepting goods.*
Actions for not accepting stock or shares.
3. *Actions for not delivering goods.*
Actions for not replacing stock.
4. *Actions on warranty.*

II. Contracts for sale of land.

1. *Actions for refusal to convey.*
2. *Actions for refusal to accept land.*
3. *Actions on covenant for title.*
Actions on covenant for quiet enjoyment.
Actions on covenant for further assurance.
Actions on covenant against incumbrances.
Actions on covenant to renew.

UNDER the general head of contracts of sale may be considered several forms of action, the damages in which are governed by analogous principles. They are not only the most ordinary, but the rules connected with them are the simplest, and therefore the most proper to commence with.

Contracts of sale may give rise to actions by the vendor against the vendee, or *vice versa*: the vendor may sue the vendee for default in payment, or for a refusal to accept; the vendee may sue the vendor for a refusal to deliver, or for a breach of warranty as to the quality of the article. Differences will also arise according to the subject-matter of the contract, which may relate to chattels, such as goods, shares, or stock, or to land. Each of these will require a separate examination.

I. Sales of goods.

1. Where the vendee has actually received the goods, of course the action can only be for the price. This case presents no difficulty: the price is generally ascertained by the contract, or is settled by the jury at the fair value of the article. Claims for interest will be regulated by the principles

Damages where goods have been received.

laid down in the preceding chapter (*a*). On the other hand, the defendant may allege that the article is inferior to that for which he had bargained, and may claim a reduction of damages on that account. The principles upon this point have also been discussed at sufficient length in a previous part of this work (*b*).

Or property
has passed to
defendant.

Even where no delivery to the defendant has been, or can be made, as, for instance, where the sale was of a specific quantity of butter, which was lost by shipwreck, the plaintiff may recover the full price in an action for goods bargained and sold, if the property has passed to the defendant (*c*). Where goods are sold, to be paid for by a bill, which is not given, assumpsit for goods sold and delivered cannot be maintained before the time at which the bill, if given, would have fallen due. But the plaintiff may sue at once for the breach of the special agreement (*d*); and will recover the whole amount of the bill (*e*). It has been suggested in America, that there ought to be a rebate of interest in proportion to the stipulated period of credit (*f*).

Damages for
refusing to
accept.

2. The defendant may refuse to accept the goods. In this case, if the property has passed to him, the vendor may at his option consider the contract of sale as still unbroken, and recover their entire price in an action for goods bargained and sold, even though they have not been delivered (*g*). He may, on the other hand, after the time for acceptance has expired, or any other essential condition has been broken, sue for breach of the contract, even after he has resold the goods (*h*). In the latter case, the measure of damages is the difference between the contract price and the market price at the time when the contract ought to have been completed (*i*), for the

Time from
which differ-
ence of value
to be calcu-
lated.

(*a*) *Ante*, pp. 161 *et seq.*

(*b*) *Ante*, p. 119.

(*c*) *Alexander v. Gardner*, 1 Bingham N. C. 671.

(*d*) *Mussen v. Price*, 4 East, 147.

(*e*) *Hutchinson v. Reid*, 3 Camp. 329.

(*f*) *Hanna v. Mills*, 21 Wend. 90.

(*g*) *Graham v. Jackson*, 14 East, 498. Sale of Goods Act, 1893 (56 & 57 Vict. c. 71), s. 49.

(*h*) *Maclean v. Dunn*, 4 Bingham 722. It was decided by Lord Ellenborough that an action for goods bargained and sold would be maintainable, even after a resale by the plaintiff: *Mertens v. Adcock*, 4 Esp. 251, but this case, after being several times doubted, has been overruled: *Lamond v. Darall*, 9 Q. B. 1030. Sale of Goods Act, 1893, s. 50.

(*i*) *Boorman v. Nash*, 9 B. & C. 145.

seller may take his goods into the market and obtain the current price for them (*k*). For instance, a contract was made early in January, to supply a quantity of corn "to be delivered at Birmingham as soon as vessels could be obtained," and on the 26th January defendant gave notice to the plaintiff that he would not accept it if delivered; it was at that time on its way to B., and on its arrival there the defendant was required to accept it, and refused, upon which the action was brought; the question was, whether the damages should be calculated according to the market price on the 26th January, when the notice was given, or the price on the last day when the contract could have been completed, viz., when the wheat was tendered for acceptance. The latter was held to be the proper rule. Lord Abinger, C.B., said: "The proper period at which to calculate the damages was when the defendant ought to have received the goods. The original contract was in no way modified by the notice, and the plaintiffs were not bound then to sell in order to reduce the damages." And Parke, B., said: "The notice amounts to nothing until the time when the buyer ought to receive the goods, unless the seller acts on it in the meantime, and rescinds the contract" (*l*). In the same case Parke, B., stated in his opinion that no action would have lain for breach of contract upon the mere receipt of the notice, but that the plaintiff was bound to wait until the time arrived for the delivery of the wheat, to see whether the defendant would then receive it. This position, however, has been denied by the Queen's Bench, and they have laid it down, that where a refusal to perform a contract can be proved by evidence, which shows that the party has utterly renounced the contract, or has put it out of his own power to perform it, the injured party may at his option sue at once, or wait till the time when the act was to be done (*m*). A similar decision

Damages calculated from date of breach of contract.

Repudiation equivalent to breach.

(*k*) *Per Cur.*, *Barrow v. Arnaud*, 8 Q. B. at p. 610, in Ex. Ch. Sale of Goods Act, 1893, s. 50.

(*l*) *Philpotts v. Evans*, 5 M. & W. 475.

(*m*) *Hochster v. De Latour*, 2 E. & B. 678; 22 L. J. Q. B. 455; *Frost v. Knight*, L. R. 7 Ex. 111; 41 L. J. Ex. 78 in Ex. Ch.; *Cherry v. Thompson*, L. R. 7 Q. B. 573; 41 L. J. Q. B. 243. The refusal to perform the contract must be distinct and unqualified, and must be acted upon as a breach by the person entitled to insist upon performance; 2 Smith's L. C. 33, 10th ed.; *Reid v. Hoskins*, 4 E. & B. 979; 25 L. J. Q. B. 49; 26 L. J. Q. B. 3; *Acery v. Bowden*, 5 E. & B. 714; 6 E. & B. 963; 25

was given in a previous case, the facts of which were as follows : The plaintiffs entered into a contract to supply a railway company with 3,900 tons of cast-iron chairs, to be supplied from time to time, and paid for on delivery. They received and paid for a certain portion. Others were received at periods later than those specified at the request of the company's agent, and finally the plaintiffs were directed not to supply any more, as the defendants had no occasion for them, and would not accept or pay for them. A large quantity of the chairs were in consequence never manufactured or tendered ; the declaration stated willingness to perform the contract, but that the defendants refused to accept the residue of the chairs, and discharged and prevented the plaintiffs from supplying them. It appeared that the plaintiffs had, for the purpose of fulfilling their contract, entered into arrangements with iron founders for the supply of iron, and enlarged their own foundry. They had also made a sub-contract for the supply of a certain number of chairs, which they had to pay £500 to get rid of. The judge told the jury, the plaintiffs should be put into the same position as they would have been if they had been permitted to complete the contract. The jury gave 1,800*l.* damages. It was held, that where in the case of an executory contract the purchaser gives notice not to manufacture any more of the goods, as he will not accept or pay for them, the vendor, having been desirous and able to fulfil the contract, may sue at once without manufacturing or tendering the rest. Also that the damages were not excessive, as the jury were justified in taking into their calculation all the chairs which remained to be delivered, and which the defendants refused to accept(*n*). Of course where there is no difference between the contract and market price, or where the difference is in favour of the plaintiff, damages can only be nominal(*o*).

L. J. Q. B. 49 ; 26 *J. L. Q. B.* 3 : *Danube, &c., Ry. Co. v. Xenos*, 11 *C. B. N. S.* 152 ; 13 *C. B. N. S.* 825 ; 31 *L. J. C. P.* 84, 284 : *Bartholomew v. Markwick*, 15 *C. B. N. S.* 711 ; 33 *L. J. C. P.* 145 : *Inchbald v. Western Neilgherry Coffee Co.*, 17 *C. B. N. S.* 733 ; 34 *L. J. C. P.* 15 : *Masterton v. Mayor of Brooklyn*, 7 *Hill*, 62 (*Am.*) : *Mersey Steel and Iron Co. v. Naylor*, 9 *App. Ca.* 434, p. 442 ; 53 *L. J. Q. B.* 497.

(*n*) *Cort v. Ambergate Ry. Co.*, 17 *Q. B.* 127 ; 20 *L. J. Q. B.* 460.

(*o*) *Valpy v. Oakley*, 16 *Q. B.* 941 ; 20 *L. J. Q. B.* 380 ; *Griffiths v. Perry*, 1 *E. & E.* 680 ; 28 *L. J. Q. B.* 204. And see *per Martin, B., Prain v. Royal Bank of Liverpool*, *L. R.* 5 *Ex.* at p. 99 ; 39 *L. J. Ex.* at p. 46

Even when the plaintiff has exercised his option of treating the contract as rescinded before the time for its completion has elapsed, and has commenced his action before that time, the damages will still be calculated with reference to the date at which it should have been carried out. In other words, the contract will be treated as rescinded for the purpose of suing upon it, and as existing for the purpose of calculating the damages. The law was laid down as follows by Cockburn, C.J., in *Frost v. Knight* (p):—"The promisee, if he pleases, may treat the notice of intention as inoperative, and await the time when the contract is to be executed, and then hold the other party responsible for all the consequences of non-performance; but in that case he keeps the contract alive for the benefit of the other party as well as his own: he remains subject to all his own obligations and liabilities under it, and enables the other party not only to complete the contract, if so advised, notwithstanding his previous repudiation of it, but also to take advantage of any supervening circumstance which would justify him in declining to complete it. On the other hand, the promisee may, if he thinks proper, treat the repudiation of the other party as a wrongful putting an end to the contract, and may at once bring his action as on a breach of it; and in such action he will be entitled to such damages as would have arisen from the non-performance of the contract at the appointed time, subject, however, to abatement in respect of any circumstances which may have afforded him the means of mitigating his loss." "It is obvious that such a course must lead to the convenience of both parties; and though we should be unwilling to found our opinion on grounds of convenience alone, yet the latter tend strongly to support the view that such an action ought to be admitted and upheld. By acting on such a notice of the intention of the promisor, and taking timely measures, the promisee may in many cases avert, or at all events materially lessen, the injurious effects which would otherwise flow from the non-fulfilment; and, in assessing the damages for breach of performance, a jury will of course take into account whatever the plaintiff has done, or has had the means of doing, and, as a

Contract
rescinded.

Calculation
of damages
where contract
rescinded before
time for
performance.

(p) L. R. 7 Ex. pp. 112, 114; 41 L. J. Ex. pp. 79, 80; followed *Roper v. Johnson*, L. R. 8 C. P. 167 at p. 177; 42 L. J. C. P. 65 at pp. 68, 69.

prudent man, ought in reason to have done, whereby his loss has been, or would have been, diminished."

Where the trial takes place after the contract has thus been rescinded, but before the time for performance has arrived, there may be a good deal of difficulty in exercising that prophetic judgment which will enable the proper measurement of damages to be assessed. This difficulty, however, is not greater than that of estimating the value of a debt payable on a contingency under the bankrupt law, and the Courts have always held that the difficulty of estimating damages is no reason for refusing to fix them. A greater doubt may arise where the jury are called on to reduce the damages by reference to what the plaintiff might, or ought to have done, to diminish his own loss. Where he has actually made a new arrangement which defines what he has lost, that measure will of course be adopted where he has acted in a reasonable manner. A servant who accepts another situation, a merchant who purchases other goods, a shipowner who takes other freight, after breach, but before the time for performance, thereby diminishes the loss which he would have incurred by simply doing nothing. He at all events cannot claim more than the difference between the two contracts, and the defendant is not likely to offer less. But is the plaintiff bound, as a matter of law, to do anything? In an action for breach of contract to supply cargo, *Martin, B.*, said, "It would be doubtful whether a party who breaks a contract has a right to say to a party with whom he breaks it, 'I will not pay you the damages arising from my breach of contract, because you ought to have done something else for the purpose of relieving me of it.' I am not satisfied that the person who breaks a contract has a right to insist on that at all. But if the ship had earned anything, the defendant would be entitled to a deduction in respect of that. I am not prepared to say that the person with whom the contract is broken is bound to go and look for employment for his ship, when the freight has been lost by reason of that breach of contract. It seems to me that matter ought to be dismissed entirely from consideration" (q). In *Brown v. Muller*, which was decided very shortly

Obligation of plaintiff to take steps to reduce his own loss.

(q) *Smith v. Maguire*, 27 L. J. Ex. 465 at p. 472; 3 H. & N. 554 at p. 567; *contra, per Parke, B., Harries v. Edmunds*, 1 C. & K. 686.

after *Frost v. Knight*, it was suggested that a plaintiff who treated a contract for the supply of goods as broken, was bound to go at once into the market and make a new forward contract, and, therefore, that his damages should be assessed according to the prices ruling at the day of breach. But the Court denied that the plaintiff was under any such obligation. Kelly, C.B., pointed out that the defendant might fairly say that the plaintiff had no right to enter into a speculative contract, and might insist that he was not called upon to pay a greater difference than would have existed had the plaintiff held his hand. Or, again, the plaintiff might lose by the insolvency of his new contractor, for which he would have no remedy against the defendant (r). The same view was taken in the later case of *Roper v. Johnson*, though the judges seem to have thought that perhaps it might have been open to the defendant to give affirmative evidence, which he had not done, that the plaintiff ought to have gone, or could have gone, into the market, so as to obtain a better contract than was procurable at the time originally fixed for the performance (s). In a case of breach of contract to supply cargo, it appeared that the freighters offered the captain his choice of three other ports, they guaranteeing him a good cargo, and all extra charges. The captain refused to go anywhere else, but waited at the contract port till the proper time had elapsed, and then sued for full damages, which amounted to 2,750*l*. The judge told the jury that the captain was bound to do what was reasonable under the circumstances, and that they were at liberty to reduce the damages if they thought that he had acted unreasonably. They gave a verdict for 500*l*., and the Court sustained it, being of opinion that the direction was right (t). This, no doubt, was the sort of case in which the plaintiff ought to have done something for the benefit of both parties.

Unreasonable conduct of plaintiff after breach.

In the absence of any express stipulation, it is the duty of the buyer to carry away the goods bought within a reasonable time (u), and if he neglects to do so, the seller may charge him

Duty of buyer to carry goods away.

(r) L. R. 7 Ex. 319 at p. 322; 41 L. J. Ex. 214 at p. 216.

(s) L. R. 8 C. P. 167; 42 L. J. C. P. 65.

(t) *Wilson v. Hicks*, 26 L. J. Ex. 242.

(u) Sale of Goods Act, 1893, s. 29.

warehouse room, or bring an action for not removing them should he be prejudiced by the delay. But he is not entitled to sell them (*v*).

Damages for refusal to accept stock or shares.

Exactly the same rule prevails where the contract is for the purchase of stock or shares (*x*). In one case (*y*), it seems to have been thought, that in an action for not accepting shares the difference between the contract price, and that on the day when they were resold by the plaintiff, if at a reasonable time after the repudiation of the contract, and not that on the day of the breach, was to be the measure of damages. But it has been decided by a later case (*z*), that as there is no obligation on the part of the vendor to sell at all, so if he refrain from selling at the time of the breach, he takes upon himself all risk arising from further depreciation. When there have been several refusals to accept, and negotiations on the subject are still kept up, it will be for the jury to decide on what day the contract was finally repudiated (*a*).

Time of breach a question for the jury.

Contracts for shares not in existence,

Where the contract is for the delivery of scrip shares which are not in existence and known not to be so, this limits the time for performing the contract to the first day on which the thing contracted for is *in esse*. Till that day arrives neither party can rescind it without the assent of the other. Therefore if the vendee repudiate the contract before the issuing of the scrip, &c., the vendor may still tender it on the first day it is issued, and damages will be computed from that time and not from the date of the first refusal to accept (*b*). But a contract or order for shares must be understood to be a contract for whatever is understood by that word, in reference to the particular thing bargained for (*c*). Therefore where the

how to be construed.

(*v*) *Greaves v. Ashlin*, 3 Camp. 426.

(*x*) See as to the vendor's right to an indemnity, if by the buyer's default his name remains on the register of shareholders, and he is obliged to pay subsequent calls, *Walker v. Bartlett*, 18 C. B. 845; 25 L. J. C. P. 263; *Grissell v. Bristowe*, L. R. 3 C. P. 112; 37 L. J. C. P. 89; L. R. 4 C. P. 36; 38 L. J. C. P. 10; *Coles v. Bristowe*, L. R. 4 Ch. 3; 38 L. J. Ch. 81; *Marted v. Paine*, L. R. 4 Ex. 203; 38 L. J. Ex. 129; affirmed, L. R. 6 Ex. 132; 40 L. J. Ex. 57; *Davis v. Haycock*, L. R. 4 Ex. 373; 38 L. J. Ex. 155.

(*y*) *Stewart v. Canty*, 3 M. & W. 160.

(*z*) *Pott v. Flather*, 5 Rail. Ca. 85; 16 L. J. Q. B. 366, S. C.

(*a*) *Barne'd v. Hamilton*, 2 Rail. Ca. 624; *Ogle v. Earl Vane*, *post*, p. 186.

(*b*) *Pott v. Flather*, *ubi sup.*

(*c*) *Mitchell v. Newhall*, 15 M. & W. 308; *Lamert v. Heath*, *ib.* 486.

defendant contracted to sell the plaintiff shares in a projected railway, there being at the time neither scrip nor shares in existence, but he being possessed of a letter of allotment entitling him to be a shareholder; on the 12th August he refused to perform his contract, and in October the scrip was issued; it was held that as he might have performed his contract by handing over the letter of allotment, the contract was broken in August, and that the damages must be calculated from that day, and not from the time in October when the scrip was issued (*d*).

Of course the purchaser may bind himself absolutely to pay for the chattel contracted for, whether he accepts it or not. Defendants agreed to buy iron from the plaintiffs, promising to pay for it on the 30th of April, if the delivery was not required before that day. In an action for breach of this contract, it was held that the jury should give the full price of the iron, though no specific iron had been appropriated by the plaintiffs (*e*).

Absolute undertaking to pay.

3. Where the action is by the vendee against the vendor for not delivering goods, and no payment has been made, the rule as to damages is the same as in the case last discussed.

Damages for refusal to deliver goods.

Their measure is the difference between the contract price and that which goods of a similar description and quality bore at the time when they ought to have been delivered (*f*). Because the plaintiff has the money in his possession, and might have purchased other goods of a like quality the very day after the contract was broken (*g*). Therefore a buyer cannot recover the loss of profit which he would have made by carrying out a contract for resale at a higher price, made in the interval between the first contract and the time for delivering (*h*). The same doctrine prevails in cases where the contract is to

(*d*) *Tempest v. Kilner*, 3 C. & B. 249.

(*e*) *Dunlop v. Grote*, 2 C. & K. 153.

(*f*) Sale of Goods Act, 1893, s. 51.

(*g*) *Gainsford v. Carroll*, 2 B. & C. 624; *per Cur.*, *Barrow v. Arnaud*, 8 Q. B. 609; *Peterson v. Ayre*, 13 C. B. 353; *Dunkirk Colliery v. Lever*, 9 Ch. D. 20. In one case an attempt was made to obtain larger damages than according to this rule, by showing that part of the contract price was given in consideration of speedy delivery, the contract price being by so much higher than the market price, but the evidence was rejected, against the opinion, however, of Martin, B.; *Brady v. Oastler*, 3 H. & C. 112; 33 L. J. Ex. 300. As to shares, see *Powell v. Jessop*, 18 C. B. 336.

(*h*) *Williams v. Reynolds*, 6 B. & S. 495; 34 L. J. Q. B. 221.

be performed on a certain day, and before that time the vendor declines to carry it out. The defendant had agreed to supply the plaintiff with a certain quantity of tallow, to be delivered all in December, at 65s. per cwt. On October 1st, when tallow was 71s. per cwt., the defendant apprised the plaintiff that the goods were sold to another, and that he would not execute the contract. On the 31st December the price of tallow was 81s. per cwt. It was held that the damages should be regulated by the price on the 31st December. The Court said, that the contract, being mutually made, could only be dissolved by the consent of both parties. The defendant had all the month of December to deliver the tallow in, and the plaintiff was bound to receive it until after the 31st. It was said that the plaintiff might have bought other tallow in the market: the answer is, he was not bound to do so; but further, the defendant might have bought other tallow in the market on the 1st October, or any other subsequent day, and have delivered it if he would (i).

Where distinct times of delivery.

In this case it will be observed, the plaintiff was not bound to treat the contract as broken at all till the 31st December, and therefore the entire damage was to be calculated from that date. But where the contract is to deliver goods at certain specified periods, in specified quantities, this is, in fact, a set of distinct contracts: and as each period arrives, if no delivery or only a partial delivery takes place, the damages will be the difference between the contract price and the market price on that day, of the quantity which ought to have been then supplied. And even if the defendant absolutely repudiates his contract at any period previous to the final date specified, and the plaintiff elects to treat the contract as then at an end, yet, in considering the question of damages, they will still be estimated with reference to the times at which the contract ought to have been performed (j).

Intermediate case.

An intermediate case arose under the following circumstances:—The defendants made a contract with the plaintiff

(i) *Leigh v. Paterson*, 8 Taunt. 540: affirmed *Philpotts v. Eans*, 5 M. & W. 476.

(j) *Josling v. Irvine*, 6 H. & N. 512; 30 L. J. Ex. 78; *Brown v. Muller*, L. R. 7 Ex. 319; 41 L. J. Ex. 214; *Roper v. Johnson*, L. R. 8 C. P. 167; 42 L. J. C. P. 65. See *ante*, p. 181.

in these terms, "Sold to the plaintiff 5,000 tons of iron rails at 11*l.* 5*s.* per ton, delivered f. o. b. at Newport, the delivery to commence by the 15th of January, and to be completed by the 15th of May. In the event of the defendants exceeding the time of delivery they shall pay by way of fine 7*s.* 6*d.* per ton per week." The defendants made default in the delivery, which took place in May, June, July, August, and September, in which latter month it was completed. The question arose as to the mode of assessing damages. The Court expressed the difficulty they should have had in interpreting the contract if it had not been for the final clause. Without it, they seemed to think, that though no specified times were fixed, it would have been necessary to hold that rateable or reasonable quantities would have been deliverable at rateable or reasonable periods between 15th January and 15th May. But with the final clause they held the meaning to be, that the fine was intended to cover all damages arising from delay, and that it must be counted from the 15th May (*k*).

In all these cases there was a stated time fixed for the completion of the contract. Where there is no time fixed, damages will be calculated from the period at which the defendant refuses to perform it (*l*). Such a refusal leaves no further *locus penitentiae* to himself, and of course the plaintiff cannot treat the agreement as any longer subsisting. Therefore where in such a case the defendant sold the goods to a third party, the measure of damages was held to be the difference between the contract price and the price at which they were sold (*m*). And in a similar case, where the plaintiff wrote, "I beg to give you notice, that I am prepared to take up the fifty new Bradfords I purchased of you on the 3rd of February last; and if those scrips are not delivered to me on or before the 10th inst., I shall buy them in against you, and debit you with the difference"; Held, that as the plaintiff had given the defendant till the 10th to deliver the shares, he was not entitled to calculate the damages with regard to any amount the shares might have sold for subsequently to the 10th (*n*).

Damages
when no time
fixed for
performance.

(*k*) *Bergheim v. Blaenavon Iron Co.*, L. R. 10 Q. B. 319; 44 L. J. Q. B. 92.

(*l*) Sale of Goods Act, 1893, s. 51.

(*m*) *Greaves v. Ashlin*, 3 Camp. 426.

(*n*) *Shaw v. Holland*, 15 M. & W. 136. See *Cockerell v. Van Diemen's Land Co.*, 18 C. B. 484.

Postponement of time for performance.

Delivery by instalments.

Where the time for performing a contract of sale has been postponed, at the request either of vendor or purchaser, and the contract is ultimately broken, this has the effect of deferring the period at which the breach takes place, and therefore alters the date with reference to which the damages are to be calculated. The old contract continues, but the date of the breach is shifted. The damages for non-delivery or non-acceptance of the goods will be calculated at the market price of such goods on the last day to which the contract was extended if a date was fixed, or at the date when the plaintiff refused to grant further indulgence, or at a reasonable period after his last grant of an indulgence (*o*). Where the delivery is to be by instalments, difficulty may occur upon such postponement, unless provision is made to determine whether the instalments are to continue or to accumulate. *Tyers v. Rosedale and Ferryhill Co.* (*p*) was an instance of this nature. There the defendants contracted to sell the plaintiffs 2,000 tons of iron, in monthly quantities of 166 $\frac{2}{3}$ tons, over 1871, or sooner if required. The plaintiffs at various periods between January and December, 1871, requested the defendants to forbear from delivering the entire quantity contracted for. In December, 1871, they required delivery of the whole undelivered balance of the 2,000 tons. The defendants refused to deliver any more than their monthly quantity due in December. In the original Court, Martin, B., held, in opposition to the majority, that the contract still continued, and that the plaintiff was entitled to damages calculated upon the market price of the whole undelivered portion of the 2,000 tons in December. On appeal the Court held that the contract continued. Cockburn, C.J.,

(*o*) *Ogle v. Earl Vane*, L. R. 2 Q. B. 275; 36 L. J. Q. B. 175; affirmed L. R. 3 Q. B. 272; 37 L. J. Q. B. 771; *Hickman v. Haynes*, L. R. 10 C. P. 598; 44 L. J. C. P. 358; *Wilson v. London and Globe Finance Corporation*, 14 Times L. R. 15; *Ashmore v. Cox*, 15 Times L. R. 55. See *Llanamlet Tin Plate Co.*, L. R. 16 Eq. 155; and for the distinction between an alteration of the original contract and an arrangement as to the mode of performing it, *Plevin v. Downing*, 1 C. P. D. 220; 45 L. J. C. P. 695.

(*p*) L. R. 8 Ex. 305; 10 Ex. 195; 44 L. J. Ex. 130. Where a contract is to be performed by instalments, and either party has committed a breach of contract as respects one instalment, a question arises as to his right to sue for damages for breach of contract in respect of a subsequent instalment; as to which, see *Simpson v. Crippin*, L. R. 8 Q. B. 14; 42 L. J. Q. B. 28; *Honck v. Muller*, 7 Q. B. D. 92; 50 L. J. Q. B. 529; *Mersey Steel Co. v. Naylor*, 9 Q. B. D. 648; 51 L. J. Q. B. 576; affd. 6 App. Ca. 434; 53 L. J. Q. B. 497.

considered that the defendants were only bound to continue their monthly instalments till the whole delivery was made. Blackburn, J., was in doubt whether they were bound to deliver the whole balance in December, or were entitled to deliver by monthly instalments, or to demand a reasonable time for delivery. It was not necessary to decide the point, as the defendants in any view were liable, as they had treated the contract as at an end. Nor was it necessary to decide whether the damages should be assessed according to the price at December, or at the subsequent monthly periods. The former period was that which the plaintiff had fixed, and it happened to be advantageous to the defendants.

In all the above cases it has been assumed that the goods were such as could be provided at once in the open market; therefore it is said that damages are to be assessed at their market value at the time of the breach. Often, however, the subject-matter of the contract is not procurable at all in the market, or not at or about the time of breach. In such a case the principle upon which damages are to be assessed is exactly the same. They are to be taken at the value of the article at the time of breach. But the mode of estimating this value is different, for there is no market price which can be quoted. Hence cases of this sort appear to be complicated by varying elements, which are really only different tests for answering the question, What was the article worth at the time?

Where goods are not procurable in market.

This principle was illustrated by the case of *Borries v. Hutchinson* (q). There the defendant had contracted to deliver caustic soda to the plaintiff for shipment from Hull, delivery to be made in June, July, and August. The plaintiff had contracted to sell this soda to a merchant in Russia, of course at an advanced price. Part was never delivered at all; part not till September and October; there was no market for caustic soda; the plaintiff wholly lost his profit on the resale of the portion that was never delivered; and, in consequence of the advanced season, he had to pay additional freight and insurance on the part that was delivered late. It was admitted that the defendant was liable for the loss of profit on the undelivered portion of the soda, and it was held that

Loss of profit an element of value.

the additional freight and insurance were also recoverable. Willes, J., said, "We must see what was the difference between the value of the soda when it was to have been delivered, and when it was, in fact, delivered. Now, if the soda had been delivered at the time contracted for, it might have been easily transferred to Russia; when it was delivered, it was also capable of being transferred to Russia, but at a greater cost for freight and insurance; therefore, as a mere question of what was the difference in value of the soda when delivered, and when contracted to be delivered, the difference between what would have to be paid for freight and insurance at these periods constitutes the measure of damages."

It is obvious that the liability to the profit upon the resale was determined by exactly the same consideration. The value to the plaintiff of that portion which was never delivered, was the price which he would have got for it in Russia, *minus* the cost of getting it there. On the other hand, the plaintiff claimed to recover as further damages the amount which his vendee in Russia had recovered from him for non-delivery of part. This he was held not entitled to recover. And clearly so; because that amount did not enter into the value of the article at the time of breach, but was an ulterior and remote consequence arising from events subsequent to the breach, for which the defendant had not contracted to be liable.

Additional
expenses
caused by
breach of
contract.

A later case was governed by the same principle. The defendant contracted to supply the plaintiff with 2,000 pieces of grey shirting for shipment on the 20th of October. Before the time for delivery he informed the plaintiff that he would be unable to complete his contract. Shirtings of this kind were only procurable by a previous order to the manufacturer, but the plaintiff procured others of the nearest possible quality at a higher price. These he shipped to his vendee, but at the same price for which he had originally contracted. It was held that he was entitled to recover the difference between what he had agreed to pay, and what he was compelled to pay. The value of the goods contracted to be supplied by the defendant, at the time of his breach of contract, was the price the plaintiff had to give for the substituted article. And Blackburn, J., likened it to the case of a carrier who fails to carry a passenger to a given place, in which case the passenger is entitled to take

the best substitute in the shape of a conveyance he can get, no matter that it costs much more than the fare (*r*).

Where there has been a failure to deliver goods which are not procurable in the market, and they have been resold by the purchaser previous to breach of contract, it often seems as if the question of liability to pay for profits, which has already been discussed, would arise for decision. In reality, however, the resale is an immaterial circumstance, except so far as it may go to prove what the real value was at the time of breach. Where the resale took place in the ordinary course of commerce, it would be reasonable to accept it as a test of the then value of the article. But where it was a special transaction, in which a special price was given, in consequence of the peculiar exigencies of the purchaser, no such inference could be drawn (*s*). Therefore notice of the resale would in the former case be unnecessary, in the latter probably be useless.

Loss of profits
on re-sale.

In the above cases the article to be supplied was intended for sale, and damages were estimated according to its selling value. When an article is purchased not for sale but for use, damages will also be assessed with reference to its value to the purchaser. But its value will be determined by other considerations, that is to say, by the use for which it was intended, the loss which followed from its not being supplied, and the profit which would have been made out of it, if it had been delivered in time. These considerations again will be affected by the further questions, whether the use for which it was intended, and the loss or profit claimed for, were customary and usual, or special and singular (*t*). In the latter case will arise the further questions as to notice and contract, which have been already discussed (*u*).

Article intended for
use.

A contract to lend money, or to do any other act which is

Loan of
money.

(*r*) *Hinde v. Liddell*, L. R. 10 Q. B. 265; 44 L. J. Q. B. 105.

(*s*) See *France v. Gaudet*, L. R. 6 Q. B. 199; 40 L. J. Q. B. 121; *Godwin v. Francis*, L. R. 5 C. P. 295; *Horne v. Midland Ry. Co.*, L. R. 7 C. P. 583; affirmed L. R. 8 C. P. 131, *ante*, p. 29; *Thol v. Henderson*, 8 Q. B. D. 457.

(*t*) *Portman v. Middleton*, *ante*, p. 25; *Smeed v. Fovrd*, *ante*, p. 25; *Gee v. Lancashire & Yorkshire Ry. Co.*, *ante*, p. 26; *Cory v. Thames Iron Works Co.*, *ante*, p. 27; *Fletcher v. Tayleur*, *ante*, p. 13; *Hales v. L. & N. W. Ry. Co.*, *ante*, p. 28.

(*u*) *Ante*, pp. 30 *seq.*

equivalent to an advance of money, such as payment of the instalments due on debentures allotted to the defendant, is governed by the same considerations. The damages for breach of contract are measured by the loss actually suffered by the plaintiff, not by the amount agreed to be paid by the defendant. Otherwise the decree would be practically one for specific performance of an undertaking to lend money (*v*).

Contract to
deliver shares.

Where there has been a contract to deliver fully paid-up shares, the damages will be the market value of the shares at the time at which they ought to have been delivered. Where unpaid shares were handed over in place of fully paid-up, the damages would be the amount remaining unpaid, and for which the recipient would therefore be liable (*w*).

Actions for
not replacing
stock.

In the cases above discussed, no payment has been made for the goods, and on this ground they were distinguished from actions for not replacing stock, because in that case, the borrower holds in his hands the money of the lender, and thereby prevents him from using it altogether (*x*). Accordingly, where there has been a loan of stock, and a breach of the agreement to replace it, the measure of damages is held to be the whole value of the stock lent, taken at such a rate as will indemnify the plaintiff. Therefore, where the stock has risen since the time appointed for the transfer, it will be taken at its price on or before the day of trial (*y*). And it is no answer to say that the defendant may be prejudiced by the plaintiff's delaying to bring the action; for it is his own fault that he does not perform his engagement at the time; or he may replace it at any time afterwards, so as to avail himself of a rising market (*z*). In one case, where it had fallen, it was estimated at its price on the day it ought to have been

(*r*) *Western Wagon Co. v. West*, [1892] 1 Ch. 271, p. 277; 61 L. J. Ch. 244; *South African Territories v. Wallington*, [1897] 1 Q. B. 692; *affd.* [1898] A. C. 309; 67 L. J. Q. B. 470.

(*w*) *Mudford's Claim*, 14 Ch. D. 634; 49 L. J. Ch. 452; *Ex parte Appleyard*, 18 Ch. D. 587; 50 L. J. Ch. 554. See also *Wilson v. London & Globe Finance Corporation*, 14 Times L. R. 15.

(*x*) *Per Chr., Gainsford v. Carroll*, 2 B. & C. at p. 625.

(*y*) *Downes v. Back*, 1 Stark. 318; *Harrison v. Harrison*, 1 C. & P. 412; *Shepherd v. Johnson*, 2 East, 211; *Owen v. Routh*, 14 C. B. 327; 23 L. J. C. P. 105. In the last case the rule stated in the text was laid down as the invariable one, without any reference to a rise or fall in the price.

(*z*) *Per Grose, J.*, 2 East. 212.

replaced (a) ; and in another case, where no day was named for its replacement, and it had fallen in value, at its price on the day it was transferred to the borrower (b). But the plaintiff cannot recover the highest price which the stock had reached at any intermediate day (c), because such a measure involves the assumption that he would have sold out upon that day, which is purely speculative profit. Nor can he claim damages for any profit which he might have made had he possessed the stock, at all events unless his wish to have it back for that express purpose was distinctly communicated to the defendant. Therefore, when the plaintiff lent a Five per cent. stock, which was to be replaced on a fixed day, and after that day government gave the holders an option to be paid off at par, or to commute their stock for Three per cents. ; the plaintiff expressed to the defendant a wish to have the stock replaced, that he might be paid at par, but no wish to take the new stock. Held, that he was not entitled to recover the price of so much Three per cent. stock as he might have obtained in exchange for his Five per cents. (d).

Profits not
allowed for.

In the case cited, the profits claimed were both contingent in their nature, and collateral to the breach of contract. But where a bond was given to secure the replacement of stock, and payment in the meantime of sums equal to the interest and dividends, and a bonus was afterwards declared upon the stock, it was held by Sir John Leach, M.R., that in equity, and perhaps even at law, the lender was entitled to be placed in the same situation as if the stock had remained in his name, and was therefore entitled to the replacement of the original stock, increased by the amount of the bonus, and to

Bonus on
stock.

(a) *Sanders v. Kentish*, 8 T. R. 162 ; see 2 East, 212.

(b) *Furrest v. Elwes*, 4 Ves. 492.

(c) *M^r Arthur v. Lord Seaforth*, 2 Taunt. 257 ; see *Simmons v. London Joint Stock Bank*, [1891] 1 Ch. at p. 284 ; 60 L. J. Ch. 313.

(d) *M^r Arthur v. Seaforth*, *ubi sup.* But where stock is transferred as security for a loan, the lender of the money has no right to deal with the stock, and if he does so, the borrower is entitled to the profits made ; *Langton v. Waite*, L. R. 6 Eq. 165 ; 37 L. J. Ch. 345. The mortgagee who suffers a stock mortgage to continue after the time fixed for replacing the stock, cannot, in a redemption suit at a subsequent period when the market price is lower, exact the price at the time originally fixed, the mortgagor being entitled to redeem on replacing the stock : *Blyth v. Carpenter*, L. R. 2 Eq. 501 ; 35 L. J. Ch. 823.

dividends in the meantime as well upon the bonus as upon the original stock (e).

Damages for non-delivery of goods, where payment has been made.

The rules established in the case of a loan of stock were held to be equally applicable where the loan was of mining shares (f). There appears to be a great similarity between these cases and that of a contract for the purchase of goods, in which payment is made beforehand. The plaintiff is equally kept out of his money, and therefore equally unable to protect himself by going into the market to buy that which the defendant has agreed to sell him. The defendant has equally the use of the plaintiff's property, and is therefore able to make all the profit by means of it, which the plaintiff could have made. If the case is to be governed by exactly the same rules as that of stock, it will require no further discussion. But upon this point there seems to be very little agreement. In America, the Courts of the different States are in hopeless conflict. In New York, the value of the article is taken at the highest price between the time fixed by contract and the time of trial (g) unless there has been undue delay on the part of the plaintiff in prosecuting his claim by action. In such a case the Court was inclined to think the rule of damages should be the value of the article at the commencement of the breach (h). In Connecticut it is held that in an action for breach of agreement to deliver, where the money is paid beforehand, the plaintiff may in any case recover the money paid and interest upon it (i); while in Pennsylvania, the Court take the distinction between an action for breach of the contract and an action for money had and received, on the ground of failure of consideration. In the former case they hold that the value of the article at or about the time it ought to be delivered is the measure of damages, even though that value be less than the sum paid. In the latter case the money paid may be recovered (j). The only two cases in England which touch the subject specifically do

American decisions.

English decisions.

(e) *Vaughan v. Wood*, 1 Myl. & K. 403.

(f) *Owen v. Routh*, 14 C. B. 327.

(g) *West v. Wentworth*, 3 Cowen, 82; *Arnold v. Suffolk Bank*, 27 Barb. (N. Y.) 424.

(h) *Clark v. Pinney*, 7 Cowen, 681.

(i) *Bush v. Canfield*, 2 Conn. 485.

(j) *Smethurst v. Woolston*, 5 Watts & Serg. 106. See all these cases in full, Sedg. Dam. 264—277; pp. 564 *et seq.* 7th ed.; ss. 737 *et seq.* 8th ed.

not tend to clear it up very much. In the first the defendant agreed in consideration of 262*l.* 10*s.* to convey five mining shares, as soon as the books should be open. They opened on the 12th of August, and the defendant refused to transfer. By that time the value of the shares had fallen to 175*l.* The action was for money had and received. Lord Mansfield held that only the value of the shares on the 12th of August was recoverable, saying, "That although the defendant received from the plaintiff 262*l.* 10*s.*, yet the difference money only of 175*l.* was retained by him against conscience, and therefore the plaintiff, *ex æquo et bono*, ought to recover no more. If the five shares had been of more value, yet the plaintiff could only have recovered the 262*l.* 10*s.* in this form of action" (*k*). So far as this case professes to decide that where a party utterly refuses to perform his contract, he can retain any part of the money paid in consideration of its performance, when sued for money had and received, it may be doubted whether it is law now (*l*). This species of action was in its infancy in Lord Mansfield's time, and he seems not to have noticed the inconsistency of allowing the defendant to shelter himself, under the contract, from the effects of an action, whose very foundation was the fact of the contract being at an end. So far, however, as the decision shows, by implication, that in an action on the contract, damages would be measured by the value of the article at the time of breach, it goes in support of the doctrine maintained in Pennsylvania.

Dutch v. Warren.

It must be observed that this decision, as affecting mining shares, is contrary to the more recent one of *Owen v. Routh* (*m*), unless a distinction be drawn between the case of a purchase of shares, paid for in advance, and a loan of shares, to be returned on a given day.

It is difficult to discover what principle is to be extracted from a much later case than that just discussed. The defendants agreed to sell and deliver on board plaintiffs' vessel, at Odessa, a certain quantity of linseed at 30*s.* per quarter. For half of this they were paid in advance, but on the arrival of

Startup v. Cortazzi.

(*k*) *Dutch v. Warren*, 2 Burr. 1010.

(*l*) See Chitt. Cont. 543; 71, 12 ed.; 1 Wms. Saund. 269 (*c*); 1 Wms. Notes to Saund. 367; *Anon.*, 1 Str. 407; *ibid.* 406 (*n*). 3rd ed.

(*m*) 14 C. B. 327.

the vessel at Odessa the defendants refused to deliver the linseed. In February, when the cargo would have arrived in England, if it had been delivered at Odessa, the price was from 47*s.* to 50*s.* At the time of trial it would have been about 56*s.* The defendants paid money into Court sufficient to cover damages at the rate of 47*s.* The plaintiffs claimed to have them estimated at 56*s.* The jury found that the former sum was sufficient. On the motion for a new trial (which was refused), Lord Abinger, C.B., explained the grounds of the verdict as follows: "The plaintiffs did not prove that they wanted this seed for any particular purpose, or that they sustained any peculiar injury from its non-delivery. The plaintiffs, however, insisted that they are entitled to the profits which they might possibly have made upon it, if it had been delivered. The jury appeared to me to wish to give no more than the money advanced, and the interest upon it. I am not aware of any rule for estimating damages for speculative profits, besides taking the interest on the money advanced. It was not proved that the plaintiffs could have made more than 5 per cent. on that money; or that they had not credit at their banker's to that extent, and thereby had sustained any inconvenience." And Alderson, B., said, "The price at the time of notice was not the proper criterion for estimating the damages: for as the plaintiffs had already parted with their money, they were not then in a situation to purchase other seed. The more correct criterion is the price at the time when the cargo would have arrived in due time, according to the contract; when, if it had been delivered, the plaintiffs would have been enabled to resell it. Another criterion is, to consider the loss of the gain which the party would have made if the contract had been complied with. In the present case, the loss which the plaintiffs have sustained arises from their being kept out of their money. That is a matter to be calculated by the interest of the money up to the time when, by the course of practice, the money could have been obtained out of Court" (n). It will be observed that the finding of the jury in this case may have proceeded from either of two principles which have nothing in common, and which are both sanctioned by the Court. They did, in

(n) *Startup v. Cortazzi*, 2 C. C. M. & R. 165.

fact, give damages proportioned to the price of the article at the time it ought to have been delivered to the plaintiffs, so as to be turned to profit. This is in accordance with the doctrine of Pennsylvania, and of *Dutch v. Warren*. But whether they chose the sum because it did accord with that price, and were merely fortified in their conclusion by finding that it amounted to a return of principal and interest ; or whether they chose it because it amounted to principal and interest, without any reference to any other circumstance, we cannot tell. If the former was their reason, we have the judgment of Alderson, B., that it was the more correct criterion. If the latter, we have also the opinion of the same Baron, that it was another criterion ; and the judgment of Lord Abinger, who says that he was not aware of any other way of estimating damages for speculative profits. This opinion, by-the-by, is in remarkable accordance with that thrown out by the Court of Common Pleas, in the case of *Fletcher v. Tayleur* (o).

Such is the unsettled state of the law upon the subject, Mr. Sedgwick is of opinion that the period of breach is the true time, in all cases, in estimating the damages, unless it can be shown that the article was to be delivered for some specific object known to both parties at the time, and that thus a loss within the contemplation of both parties has been sustained (p). This doctrine cannot be maintained in England, if, as he also thinks, there is no solid reason for making any difference between stock and any other vendible commodity.

Further discussion of the point.

It is quite settled that the price of stock may be taken at the time of trial (q). The cases, may, however, be distinguished on the ground that stock may be supposed to be purchased rather as an investment than for resale, while goods are bought expressly to sell again. Consequently, it may be assumed that the former would have remained in the possession of the buyer till the time of trial, while no such presumption can be raised in the latter case. If this be so, damages might fairly be calculated in regard to stock, at the price it bore at the time of trial ; in regard to goods, according to their price at the latest period when we could be sure they would have remained in

(o) 17 C. B. 21. *Ante*, p. 42.

(p) Sedg. Dam. 274 ; 578, 7th ed. ; s. 748, 8th ed.

(q) *Ante*, p. 190.

the plaintiff's hands, viz., the time they ought to have been delivered. This rule could produce no practical injustice, for if ever this price proved less than that paid, the plaintiff would have it in his power to treat the contract as rescinded, and sue for money had and received, as on a failure of consideration.

Damages
when goods
paid for by
bill which is
dishonoured.

Whatever is finally settled to be the rule where goods have been paid for in advance, will equally apply where payment has been made by bills, as long as they are current. But when they are dishonoured, the vendor is just in the same position as if no bill had been given at all, and in an action against him, only the difference of price can be recovered (*r*).

Loss arising
from legal
proceedings.

A somewhat analogous case to those just discussed is where a person, by means of legal process, which ultimately fails, prevents another from dealing with his own property. The plaintiff claimed certain shares as his own property, and, on giving the usual undertaking as to damages, obtained an interlocutory injunction, restraining the shareholder and his mortgagees from parting with the shares. Before the trial the mortgagees obtained a summons under which they prayed that the shares might be sold, the proceeds being paid into Court. This was successfully opposed by the plaintiff. On the hearing his action was dismissed, and the mortgagees claimed as damages the difference between the selling price of the shares when the action was dismissed, and the highest price they had touched during the continuance of the injunction. Romer, J., held that the proper measure of damages was the difference between the prices on the day the injunction was granted and the day the summons asking for a sale was issued (*s*). On the last named day the readiness to sell was undoubted. It was purely speculation to assume that the mortgagees would have sold on the very day on which prices reached their climax. In this case the plaintiff could not have obtained his injunction without undertaking to indemnify the defendant. But where two parties are contending for the custody of a particular subject matter, and the Court appoints a receiver, the illegal custody of the wrongful holder ceases, and any damages

(*r*) *Valpy v. Oakeley*, 16 Q. B. 941; 20 L. J. Q. B. 380; *Griffiths v. Perry*, 1 E. & E. 680; 28 L. J. Q. B. 204.

(*s*) *Manseil v. British Linen Co.*, [1892] 3 Ch. 159; 61 L. J. Ch. 696.

subsequently suffered by the rightful claimant are due to the law's delay, and not to the wrongful act of the opposite party (*t*).

By s. 52 of the Sale of Goods Act, 1893 (which repeals the Mercantile Law Amendment Act, 1856, s. 2), where specific goods have been sold, the Court may direct that the contract be performed specifically, without giving the defendant the option of retaining the goods on payment of damages.

Order for specific delivery of goods.

4. In actions upon a warranty, the damages may depend considerably upon the fact of the article having been returned or not; this will in many cases be a matter entirely at the option of the vendor. If a specific article has been sold with a warranty, and is found not to answer it, the vendee cannot force the vendor to take it back, after he has received it (*u*), unless there is a special contract to that effect (*x*), nor can he even refuse to receive it (*y*). Where, however, the articles purchased are not ascertained when the bargain is made, the purchaser may refuse to receive them, or send them back, having only kept them a reasonable time to ascertain their insufficiency (*z*).

Actions on a warranty.

Right to return goods.

When the thing sold has been returned, and no special loss has accrued, the damages consist of the price paid (*a*). If, however, no payment has been made, the damages could, it is apprehended, be merely nominal. As the contract is rescinded,

Damages when article has been returned.

(*t*) *Peruvian Guano Co. v. Dreyfus*, [1892] A. C. 166; 61 L. J. Ch. 749.

(*u*) *Street v. Blay*, 2 B. & Ad. 456; *Gompertz v. Denton*, 1 C. & M. 207.

(*x*) *Head v. Tattersall*, L. R. 7 Ex. 7; 41 L. J. Ex. 4.

(*y*) *Dawson v. Collis*, 10 C. B. 523. Where the property in the specific chattel has passed by the contract, it is settled that the purchaser cannot reject it. See 2 Smith's L. C. 27, 10th ed.; *Heyworth v. Hutchinson*, L. R. 2 Q. B. 447; 26 L. J. Q. B. 270. Sale of Goods Act, 1893, s. 53.

(*z*) *Okell v. Smith*, 1 Stark. 107; *Street v. Blay*, *ubi sup.* *Azemar v. Usella*, L. R. 2 C. P. 431; 36 L. J. C. P. 124; affirmed in Ex. Ch. L. R. 2 C. P. 677; 36 L. J. C. P. 263; *Bannerman v. White*, 10 C. B. N. S. 844; 31 L. J. C. P. 28; *Heilbutt v. Hickson*, L. R. 7 C. P. 438; 41 L. J. C. P. 228. The vendee is not bound to send the goods back, but may call on the vendor to take them away. See *Lucy v. Mouflet*, 5 H. & N. 229; 29 L. J. Ex. 110.

(*a*) *Cancell v. Cbare*, 1 Taunt. 566; *Heilbutt v. Hickson*, L. R. 7 C. P. 438; 41 L. J. C. P. 228.

When article
has not been
returned.

no claim for the price could ever be made, and the hypothesis assumes that no other injury has taken place.

Where the article has not been returned, the measure of damage will be (b) the difference between its value, with the defect warranted against, and the value which it would have borne without that defect. It was formerly laid down that the measure would be the difference between the *contract price*, and that for which it would sell with its defect (c). But the rule in England is now settled as stated above (d), and the doctrine in America is the same (e). Where the article has been resold by the purchaser, before the breach of warranty has been discovered, the price obtained at this second sale may be left to the jury, as a mode of estimating what the real value of the chattel, if perfect, would have been; but the difference between this price and the purchase money cannot be given as specific damage, on account of the loss of profit which might have been made on it (f).

(b) "*Prima facie*" Sale of Goods Act, 1893, s. 53.

(c) *Cancell v. Coare, ubi sup.*

(d) See *per Buller, J.*, 1 T. R. 136; *per Lord Eldon, C. J.*, *Curtis v. Hunnay*, 3 Esp. 82; *Clare v. Maynard*, 6 A. & E. 519; *Cox v. Walker, ibid.* 523, n.; *Jones v. Just*, L. R. 3 Q. B. 197; 37 L. J. Q. B. 89; *Loder v. Kekulé*, 3 C. B. N. S. 128; 27 L. J. C. P. 27. In this last case, there had been a prepayment by the plaintiff on account of the goods, but it was held that this could not be taken into account in apportioning the damages.

In connection with actions for breach of warranty, may be mentioned a case in which a company had improperly inserted a person's name in their register, and given him certificates for shares which he was thus enabled to sell. The vendee paid for the shares, and was registered as a shareholder, but his name was subsequently removed on an application by the real owner, under 25 & 26 Vict. c. 89, s. 35, for the rectification of the register. The company were considered to have held out the vendor as entitled to the shares, and were directed to pay to the innocent vendee the value of the shares on the day on which the company first refused to recognise him as a shareholder, with interest at 4 per cent. as damages. If the shares had been good shares, and the company had refused to put the vendee on the register, the measure of damages would have been the market price at that time; if no market price at that time, then a reasonable compensation to be assessed by the jury, for the loss of the shares; *Re Bahia and San Francisco Ry. Co.*, L. R. 3 Q. B. 584; 37 L. J. Q. B. 176; followed in *Hart v. Frontino, &c., Gold Mining Co.*, L. R. 5 Ex. p. 116 (n.); *ex p. Re Ottos Kopje Diamond Mines*, [1893] 1 Ch. 618; 62 L. J. Ch. 169. See also *Balkis Consolidated Co. v. Tomkinson*, [1893] A. C. 396; 63 L. J. Q. B. 134, where the vendor who had been obliged to buy other shares to fulfil his contract, recovered from the company the amount which he had expended.

(e) Sedg. Dam. 291; 613, 7th ed.; s. 762, 8th ed.

(f) *Clare v. Maynard: Cox v. Walker, ubi sup.*

It is quite clear that this rule does complete justice where the stipulated price has been paid, and it is presumed that the same rule would apply where the price had not been paid, as the purchaser would still be liable to an action for it. A question might arise, however, as to the effect of a recovery for breach of warranty, supposing the purchaser to be subsequently sued for the price. The general rule in such cases is, that the inferiority of the article may be given in evidence in reduction of damages (*g*). Could this be done under the circumstances supposed? Take the case of a horse sold for 100*l.* with a warranty, and assume that sum to be its real value if sound. It turns out to be unsound, and is resold for 30*l.* The purchaser sues on his warranty, and recovers 70*l.* The sums make up the 100*l.* for which he is liable, and no injury is done him. But if, when sued for the price of the horse, he could set up its unsoundness, so as to reduce the damages to 30*l.*, it is plain that he would pocket 70*l.* by the transaction. It is conceived that he would be precluded from doing so by the former recovery. It has, no doubt, been held in several cases, that it is no bar to an action for breach of contract in the quality of a chattel, that its inferiority had been previously used in reducing the price to be paid for it (*h*). But it by no means follows that the converse proposition is true. In both the cases cited in the note, the action was to recover on account of some special damage beyond the mere inferiority of the chattel, but arising out of it. Such special damage could not have been given in evidence, nor allowed for, in the former action; and on this express ground the second action was permitted. But in an action on the warranty, the inferiority is the principal ground of damage, though other matters may also come into consideration. Another decision, which at first sight appears more in point, will be found equally beside the question. An action was brought by a servant for his wages, and it was held that his misconduct might be set up as an answer, though it had formed the ground of an action by his master, and he had been

Question as to effect of rule where goods have not been paid for.

(*g*) *Ante*, p. 119.

(*h*) *Mondel v. Steel*, 8 M. & W. 858; *Rigge v. Burbidge*, 15 M. & W. 598. The purchaser, when sued for the price, is not bound to set up the defects in the chattel in reduction of damages. He may pay the full price, and then sue for breach of contract: *Davis v. Hedges*, L. R. 6 Q. B. 687; 40 L. J. Q. B. 276.

dismissed on account of it (*i*). But there the former action had been for seducing an apprentice to quit the plaintiff, not for any inferiority in the defendant's own services. The misconduct was set up in each case with quite a different object ; in the one case it was alleged as an independent offence, from which special damage accrued ; in the other as a cause justifying dismissal, and therefore negating all claim to wages.

Expense of
keep.

When the vendor refuses to take back the article, the vendee may recover all expenses necessarily caused by its lying on his hands till it can be resold ; as, for instance, the keep of a horse. But the time must be a reasonable one, and what is a reasonable time is a question for the jury, and depends upon the circumstances of each case (*j*). And no damages can be recovered on this account, unless the purchaser has tendered the article to the seller (*k*).

Damages
where article
bought for
a specific
purpose.

When a contract embodying a warranty is entered into with reference to a known particular purpose, damages ought to be given for the loss incurred by the failure of that purpose. Where the article sold was scarlet cuttings, which were shreds of scarlet cloth used in trade with China, and the declaration alleged that they were not scarlet cuttings, whereby they were of no use or value to the plaintiff, Lord Ellenborough told the jury that, under these words, they were to consider the effect of their being of no use or value in China. "I am decidedly of opinion," he said, "that the value is to be understood as the value which the plaintiff would have received had the defendant fully performed his contract"; and this view was supported by the Court on a motion for a new trial (*l*). In another case, where a link in a chain cable, which had been sold with warranty, broke, it was held that the value of the anchor which was lost along with it might be recovered (*m*). But this case was treated as of no authority in *Hadley v. Baxendale* (*n*). And

(*i*) *Turner v. Robinson*, 5 B. & Ad. 789.

(*j*) *Chesterman v. Lamb*, 2 A. & E. 129 : *Ellis v. Chinnock*, 7 C. & P. 169.

(*k*) *Caswell v. Coarr*, 1 Taunt. 566. *Quære*, ought there not to be a set-off against this item of damage, where the article has been used beneficially, as, for instance, a horse ?

(*l*) *Bridge v. Waine*, 1 Stark. 504.

(*m*) *Borrodale v. Bruntton*, 8 Taunt. 535.

(*n*) 9 Ex. 347 ; 23 L. J. Ex. 180.

Alderson, B., said that on the same principle the jury might have given the value of the ship if it had been lost. No doubt the enormity of the damages which would be recoverable in such a case is very startling. But if a chain cable is sold for the express purpose of holding a ship to its anchor, and if, through some defect in it, the ship drifts on shore, it is difficult to see why the damages should stop at any smaller amount. Where the pole of a carriage broke, in consequence of which the horses became frightened and were injured, the Court held that the sale of the pole carried with it an implied warranty that it was reasonably fit for its purpose ; and that as to damages, the proper question to leave to the jury was, whether the injury to the horses was or was not a natural consequence of the defect in the pole (*o*). If a similar question were left to the jury in the case of a ship lost through a faulty cable, there seems to be no reason why their verdict should not be acted on. If the damages are a hardship to the vendor of a cable, the shipwreck is an equal hardship to the purchaser. In a case, where a passenger vessel was warranted to start on a particular day, and did not, the plaintiff was held entitled to recover not only the passage money, but his expenses incurred while waiting (*p*). So when the defendant undertook to supply the necessary chains and machinery to enable the plaintiffs to discharge the cargo from his ship, and one of the chains, being defective, broke, and injured a workman employed by the plaintiff, the workman recovered compensation from the plaintiff under the Employers' Liability Act. It was held that this amount might be recovered from the defendant as one of the natural consequences of the breach of contract, and was not too remote (*q*).

Where seed barley was sold, warranted to be Chevallier seed barley, and, on being sown, produced a crop of inferior quality, the natural amount of damage was considered to be, the difference between the value of the inferior crop and of that which would have come up, if Chevallier seed barley had been sown (*r*). In this case claims for compensation had been made

(*o*) *Randall v. Newson*, 2 Q. B. D. 102 ; 46 L. J. Q. B. 259 : see *Smith v. Green*, 1 C. P. D. 92 ; 45 L. J. C. P. 28.

(*p*) *Cranton v. Marshall*, 5 Exch. 395.

(*q*) *Mowbray v. Merryweather*, [1895] 2 Q. B. 640 ; 64 L. J. Q. B. 517 ; see *Vogan v. Oulton*, 15 Times, L. R. 33.

(*r*) *Randall v. Raper*, E. B. & E. 84 ; 27 L. J. Q. B. 266 : *Passenger v.*

upon the plaintiffs by various persons to whom they had sold the seed barley with a similar warranty. It was held that the plaintiffs might recover the amount of the damages sustained by the sub-purchasers, without having previously made them compensation. The plaintiffs were under clear legal liability to compensate them, and it was for the jury to assess, once for all, the probable amount which they would have to pay (s).

Expense incurred in advancing value of the article.

It is still an undecided point whether the plaintiff can recover any expenses he has been at in advancing the value of the thing sold. The question arose in the following manner: The defendant sold a horse to the plaintiff, with warranty, for 45*l.*, and the latter resold it to C. for 55*l.* On discovering its unsoundness, he had to give up his bargain with C., and he then sued the defendant, stating the loss of his bargain as special damage. It was contended that the additional 10*l.* for which the animal could have been resold might be recovered as the amount of expense and care bestowed on the horse, by which its actual value was raised. Coleridge, J., said, "The plaintiff cannot recover upon this record. The declaration merely alleges that the plaintiff bought the horse for so much, and sold him at so much more, not alleging any cause of the advance. This shows only that the plaintiff is seeking to recover for a good bargain lost, which, it is admitted, cannot be done." Patteson, J., said, "Whether or not he could have recovered if the damage had been differently laid, it is not necessary to say" (t). In the particular case it is quite clear that the plaintiff had not added 10*l.* worth of value to the horse, for it ultimately sold only for 17*l.* 4*s.*, and it is improbable that it could have been only worth 7*l.* 4*s.* when it came into his possession. If the value were really added, however, it is difficult to see how it could form a claim for damage. Suppose a young horse, with a latent defect that renders it only worth 20*l.*, is sold with a warranty for 40*l.*, and the purchaser by skilful training adds so to its real value, that if sound it would sell for 60*l.*, but with

Thorburn, 35 Barbour (N. Y.) 17: *Ferris v. Comstock*, 33 Conn. 513. See a case of warranty of an orchid to be of particular sort, *Ashworth v. Wells*, 14 Times, L. R. 227.

(s) *Randall v. Raper*, *supra*: and see *Dingle v. Hare*, 7 C. B. N. S. 145; 29 L. J. C. P. 143.

(t) *Clare v. Maynard*, 6 A. & E. 519.

its blemish will only sell for 40*l.*, and does sell for that price. Here, on the principle stated before, he will obtain the difference between its value sound and unsound, which appears to be 20*l.* His skill in training has been paid for already, in the increased price of the horse, and there can be no reason why it should be paid for again. Of course it would be very different, if, in consequence of the unsoundness, all his labour and expense had been utterly thrown away, or produced much less result than they ought. In such a case the question would probably be, whether it was bought with a view to any purpose which would render such labour and expense necessary, the purpose being part of the contract. As, for instance, if an untrained horse were bought for a lady's use, and warranted free from vice. If it turned out incorrigibly vicious, it never would be fit for the purpose, and yet the preliminary training must have been contemplated by the seller. Under such circumstances, the expenses would appear to be fairly recoverable, not because they had added to the value of the animal, but precisely because they never could.

Where an article sold with a warranty has been resold with a similar warranty, and the second purchaser, on discovering the defect, brings an action against his vendor, the costs incurred in this action are sometimes recoverable, as damages, in an action by the first purchaser against his vendor. This subject, however, has been sufficiently discussed in a previous chapter (*u*).

Costs of former action.

Where there is a misrepresentation of the character or condition of the goods, the vendor is responsible for all injury which is the direct and natural result of the purchaser's acting on the faith of his representation. Therefore, where a cattle dealer fraudulently represented a cow to be free from infectious disease when he knew that it was not so, and the purchaser placed it with five others which caught the disease and died, the latter was held entitled to recover as damages in an action for fraudulent misrepresentation the value of all the cows (*v*). And the same rule would be applied where there was no fraud, but the beast was warranted free from disease, and both parties

Misrepresentation.

(*u*) *Ante*, p. 101.

(*v*) *Mullett v. Mason*, L. R. 1 C. P. 559 ; 35 L. J. C. P. 299 ; *Sherrod v. Langdon*, 21 Iowa, 518.

contemplated its being placed with other stock (*x*). But, although it is illegal to bring a glandered horse into a public market or fair, there is nothing illegal in a simple sale; therefore, a person who sold a glandered horse without warranty, and without fraudulent misrepresentation, was held not responsible for disease communicated to other horses of the purchaser's in the stable to which he removed it (*y*).

The same principles apply to the case of shares. Directors, who, by means of a fraudulent prospectus, induce the public to buy shares which they would not otherwise have purchased, are liable for damages for the misrepresentation. If the undertaking wholly fails, they are liable for the full amount advanced by the shareholders (*z*). If the shares possess a value, a shareholder who does not sue to rescind the contract, would be entitled to such damages as represent the difference between the value of the shares under the circumstances which really exist, and that which they would have possessed if the representations had been true (*a*).

Results of
misrepresentation.

It is now finally settled that no action for deceit can be maintained merely on a false representation where there is no fraud (*b*). But a person who has been induced to enter into a contract by means of a material misrepresentation of facts is entitled to have the contract rescinded, and, as a consequence of such rescission, to be put back into his old position. He does not recover damages against the defendant, but the latter is bound to indemnify him against the consequences and obligations of the contract into which he has been led blindfold by unfounded statements. The exact extent of this indemnity, whether it extends to all possible future liabilities, or only to those actually incurred, seems to be a matter still open to doubt (*c*).

(*x*) *Smith v. Green*, 1 C. P. D. 92; 45 L. J. C. P. 28.

(*y*) *Hill v. Ball*, 2 H. & N. 299; 27 L. J. Ex. 45; see *per* Willes, J., L. R. 1 C. P. 563; *Ward v. Hobbs*, 3 Q. B. D. 150; 47 L. J. Q. B. 90; affirmed 4 App. Cas. 13; 48 L. J. Q. B. 281. *ante*, p. 22.

(*z*) *Arnison v. Smith*, 41 Ch. D. 348; 58 L. J. Ch. 645.

(*a*) *Tomlin v. Lacey*, 43 Ch. D. 191; 59 L. J. Ch. 164; *Peck v. Derry*, 37 Ch. D. at p. 591.

(*b*) *Derry v. Peek*, 14 App. Ca. 337; 58 L. J. Ch. 864; *Ajello v. Warsley*, [1898] 1 Ch. 274; 67 L. J. Ch. 172.

(*c*) *Adam v. Newbigging*, 34 Ch. D. 582; 13 App. Ca. 308; 57 L. J. Ch. 1066.

II. Sales of Land.

1. Actions by vendee against vendor for refusal to convey.

Where the vendor is unable to complete the contract which he has entered into, the vendee may sue him for its breach, and in such an action he is always entitled to recover the deposit with interest, as special damage when so laid (*d*) ; or, even without being laid, from the day of demand under 3 & 4 W. IV. c. 42, s. 28 ; he is also entitled to the expenses of investigating title (*e*), such as comparing deeds, searching for judgments, and journeys for that purpose (*f*), even though he has not paid his attorney's bill before commencing the action (*g*).

Actions for breach of contract to convey land.

Of course, in no case can any action be brought on the contract to sell, unless there has been a binding one. But where the contract is for any reason void, the purchaser may recover the deposit or purchase money, and a moiety of the auction duty, if payable by purchaser, as money had and received to his use, but neither interest (unless under 3 & 4 W. IV. c. 42, s. 28) nor expenses of investigating title (*h*). At any time up to the completion of the purchase the purchaser may rescind the contract, and recover his money on account of defect of title : but he cannot do so once the purchase is finally closed, and the conveyance fully executed by all the parties whose assent is necessary (*i*). Where he has purchased different lots, he may abandon one for defect of title and keep the others, but he cannot retain part and give up part of the same purchase. Each lot set up at an auction is a distinct sale (*l*).

Damages when contract void.

Different lots.

The purchaser cannot recover expenses incurred previous

What damages cannot be recovered.

(*d*) *De Bernales v. Wood*, 3 Camp. 258 : *Farguhar v. Furley*, 7 Taunt. 592. As to the vendee's liability to pay interest upon the purchase money from the day fixed for completion, under the common condition of sale to that effect, see *Williams v. Glenton*, L. R. 1 Ch. 201.

(*e*) *Walker v. Moore*, 10 B. & C. 416.

(*f*) *Hodges v. Lord Litchfield*, 1 Bing. N. C. 492 : *Orme v. Broughton*, 10 Bingh. 533.

(*g*) *Richardson v. Chasen*, 10 Q. B. 756. The vendee's attorney cannot sue the vendor : *Wilkinson v. Grant*, 18 C. B. 319 ; 25 L. J. C. P. 233.

(*h*) *Gosbell v. Archer*, 2 Ad. & Ell. 500.

(*i*) *Johnson v. Johnson*, 3 B. & P. 162.

(*l*) Sm. Merc. Law, SALE : *Emmerson v. Heelis*, 2 Taunt. 38. See as to goods, Sale of Goods Act, 1893, s. 58.

to the time fixed for the performance of the contract, which he has entered into for his own benefit (*m*); nor the expense of surveying the estate (*n*); nor of a conveyance drawn in anticipation of the purchase being completed (*o*); unless the vendee, by the misrepresentations of the vendor, and without laches on his own side, has been induced to think that everything has been satisfactorily ascertained (*p*); nor the costs of a Chancery suit for specific performance, when brought by the vendor against the vendee (*q*); or *vice versâ* (*r*); nor costs incurred after it was known that a good title could not be made out (*s*); nor the profits arising from a resale of the estate, unless perhaps where there was fraud in the original vendor, and then only in an action based upon the fraud (*t*); nor the expenses of such resale; nor the sums which he was liable to pay to the sub-contractors for the expenses incurred by them in investigating the title; for all this damage arose from his own premature act, and not from the fault of the vendor (*u*); nor losses arising from the resale of stock procured for the estate (*x*); nor the value of improvements made upon the premises, though the agreement to let expressly contemplated such improvements being made, and stated "that it was understood by and between the parties, that the defendant was possessed of the said premises for his own life, and the life of one Mrs M., and the survivor of them," which turned out not to be the case. Damages were limited to 40*s.*, found by the jury to be the worth of the lease (one for two years) without the improvements on the day when plaintiff offered to take it (*y*). Nor can the vendee recover as damages the loss incurred by selling

(*m*) *Hodges v. Lord Litchfield*, *supra*: *Hanslip v. Padwick*, 5 Exch. 615; *ante*, p. 78.

(*n*) *Ibid.*

(*o*) *Ibid.*: *Jarman v. Egglestone*, 5 C. & P. 172.

(*p*) *Richards v. Barton*, 1 Esp. 268.

(*q*) *Hodges v. Lord Litchfield*, *supra*.

(*r*) *Maldon v. Fyson*, 11 Q. B. 292; overruling *Jones v. Dyke*, Sug. V. & P. 1078, 11th ed.; and see *ante*, p. 91.

(*s*) *Pounsett v. Fuller*, 17 C. B. 660; 25 L. J. C. P. 145; *Nike v. Wild*, 1 B. & S. 587; 30 L. J. Q. B. 325; affirmed 4 B. & S. 421; 32 L. J. Q. B. 375.

(*t*) *Bain v. Fothergill*, L. R. 7 H. L. 158, 206.

(*u*) *Walker v. Moore*, 10 B. & C. 416.

(*x*) *Hodges v. Litchfield*, 1 Bingh. N. C. 492; *Godwin v. Francis*, L. R. 5 C. P. 295; 39 L. J. C. P. 121.

(*y*) *Worthington v. Warrington*, 8 C. B. 134; 18 L. J. C. P. 350.

out stock with a view to the completion of the bargain, for the plaintiff had a chance of gaining as well as losing by the fluctuation of the price" (z).

And he can in no case recover damages in respect of anything that he has incurred since he discovered the defect in the title. Because any proceedings taken with such knowledge must be taken, either from a total indifference to a good title being made out, or from a dishonest desire to force on a contract which he is aware cannot be performed, for the sake of getting costs from the vendor. In neither case would the damage be attributable to the false representation or breach of contract by the vendor (a).

Damages incurred after knowledge of defective title.

The liability of the vendor of land to pay damages to the vendee for the loss of his bargain, has lately been authoritatively settled by the decision of the House of Lords in *Bain v. Fothergill* (b). Till that decision there had always been a struggle to bring each particular case within the general ruling in *Flureau v. Thornhill* (c), or the exception to that ruling in *Hopkins v. Grazebrook* (d). The general ruling was that such damages were not recoverable (in the absence of fraud) where the contract went off through a defect of title. The supposed exception was, that they were recoverable where the vendor had no title at all, and knew he had none, or knew he had a different title from that which he contracted to sell. But *Hopkins v. Grazebrook*, and all the cases which depended upon it, are now overruled. "The rule as to the limits within which damages may be recovered upon the breach of a contract for the sale of a real estate must be taken to be without exception. If a person enters into a contract for the sale of a real estate, knowing that he has no title to it, nor any means of acquiring it, the purchaser cannot recover damages beyond the expenses he has incurred by an action for the breach of the contract; he can only obtain other damages by an action for deceit" (e).

Damages for the loss of plaintiff's bargain.

Bain v. Fothergill.

(z) *Per* Blackstone, J., *Flureau v. Thornhill*, 2 W. Bl. 1078.

(a) *Per* Blackburn, J., *Gray v. Fowler*, L. R. 8 Ex. p. 282; 42 L. J. Ex. 161.

(b) L. R. 7 H. L. 158; 43 L. J. Ex. 243.

(c) 2 W. Bl. 1078.

(d) 6 B. & C. 31.

(e) *Per* Lord Chelmsford, *Bain v. Fothergill*, L. R. 7 H. L. 207; see *per* Blackburn, J., *Gray v. Fowler*, L. R. 8 Ex. 249, 282; 42 L. J. Ex.

Reason of
exception.

No doubt this is an exception to the ordinary rule of the common law, that where a person sustains loss by reason of a breach of contract he is *primâ facie* entitled so far as money can do it, to be placed in the same situation with respect to damages as if the contract had been performed (*f*). But the reason is, that contracts for the purchase of real estate are of an exceptional nature. In the case of a sale of a chattel, the vendor must know, or at all events is taken to know, what his right to the chattel is. But in regard to real estate there must always be some degree of uncertainty as to whether a good title can be effectively made by the vendor; and taking the property with that knowledge, the purchaser is not entitled to recover any loss on the bargain he may have made, if in effect it should turn out that the vendor is incapable of completing his contract in consequence of his defective title. All that he is entitled to is the expense he may have been put to in investigating that matter. He has a right also to take the estate and complete the purchase with that defective title, if he thinks proper to do so. But he is held to have bargained with the vendor upon the footing that he (the vendee) shall not be entitled, under all circumstances, to have that contract completed, and therefore he is not put in a position under such a contract to make a resale, before the matter has been fully investigated, and before it is ascertained whether or not the title of his vendor is a good one (*g*).

Damages—
when failure
is not from
want of title.

Of course the ordinary rule of common law applies where the cause of failure arises from some other source than want of title. In such a case the plaintiff may recover for any special damage he has received, as, for instance, loss in his trade by not getting settled in his house (*h*). And so, where the plaintiff having recovered a judgment for 280*l.* against B., agreed with the defendant to withhold execution until a certain day, in consideration of which the defendant agreed that he would, on or before that day, erect a house, and cause a lease of it to be

161, 177; *Gas Light & Coke Co. v. Towne*, 35 Ch. D. 519; 56 L. J. Ch. 889; *Rouse v. School Board of London*, 36 Ch. D. 619; 57 L. J. Ch. 179.

(*f*) *Robinson v. Harman*, 1 Exch. 855; 18 L. J. Ex. 202.

(*g*) *Per* Lord Hatherley. *Bain v. Fothergill*, L. R. 7 H. L. 211; 43 L. J. Ex. 268.

(*h*) *Ward v. Smith*, 11 Price, 19; *Jacques v. Miller*, 6 Ch. D. 153; 47 L. J. Ch. 544.

granted to plaintiff—such lease, when granted, to be in satisfaction of the judgment; the defendant broke his agreement, and it was held that the measure of damages was the value of the house, and that it was properly estimated at 280*l.*, being the value of the thing which the plaintiff had agreed to give up in consideration of it (i).

An intermediate case between that just stated, and the previous class of cases, is where the contract fails from a defect of title, but a defect which the vendor ought to have removed, and could have removed: in other words, not from an inability to make title, but a refusal to do so. An instance of this occurred in the case of *Engel v. Fitch* (k), where the vendors, who were mortgagees, refused, on the ground of expense, to turn out the mortgagor who was in possession, and thereupon the purchaser refused to complete, and brought his action. It was held that the vendee was entitled to recover not only his deposit and the expenses of investigating the title, but also the profit which it was shown he could have made on a resale. This decision was passed before the final decision in *Bain v. Fothergill*. So far as it rests upon the authority of *Hopkins v. Grazebrook*, and the line of cases which followed *Hopkins v. Grazebrook*, it is of course now overruled. But it is submitted that the decision may perfectly well stand without assuming the existence of any cases forming an exception to the rule laid down by *Flureau v. Thornhill*. The vendor had a perfectly good title, but he refused to go to the expense which was necessary, in order to hand over to the purchaser that which he had undertaken to deliver. It was just as if he had refused to produce or deliver up the title deeds, because they were in the hands of his banker, who had a lien upon them for a loan. It is now settled that every contract for the sale of land is made upon the understanding that it may fail on a defect of title. But there is no understanding that it may fail because the vendor does not choose to go to the expense or trouble of performing his part of the contract. In remarking upon *Engel v. Fitch*, Lord Hatherley said: "The vendor in that case was bound by his contract, as every vendor is bound by his

Refusal to
make title.

*Engel
Fitch.*

(i) *Strutt v. Farlar*, 16 M. & W. 249.

(k) L. R. 3 Q. B. 314; 37 L. J. Q. B. 145; affirmed L. R. 4 Q. B. 659; 38 L. J. Q. B. 304.

contract, to do all that he could to complete the conveyance. Whenever it is a matter of conveyancing, and not a matter of title, it is the duty of the vendor to do everything that he is enabled to do by force of his own interest, and also by force of the interests of others whom he can compel to concur in the conveyance. . . . There could be no doubt whatever in that case that he was acting in gross violation of his contract, which he had the power of performing. Whether or not the proper mode of correcting that abuse was by giving damages to the plaintiff in respect of the loss of his contract, I will not stop to inquire; but it is quite clear that that case was exceedingly different from the case of *Flureau v. Thornhill*, where it turned out on investigation that the vendor had no legal title" (l). And so, in another case, Turner, L.J., said: "The vendor is bound to complete the contract, and if he does not take the steps which are necessary to enable him to do so, he is liable for damages upon the contract; and heavy damages would be given if, having the means of completing the sale, he should decline to take the proceedings necessary for that purpose" (m).

The same principle was lately applied in a case, not of the same, but of an analogous nature. The mortgagee of one Fleming put up for sale, with possession on completion of purchase, two houses stated to have been recently in possession of Fleming. The purchaser agreed to let the houses to a tenant with possession five days after the completion of the contract. When the day came Fleming was still in possession, and the tenant refused to take the houses. The vendor sued the purchaser for specific performance, and the purchaser counter-claimed for specific performance with compensation. It was held that the tenant could have turned out Fleming by means of the sheriff, but was not bound to do so. The vendor was bound to do so in order to satisfy his contract with the

(l) *Bain v. Fothergill*, L. R. 7 H. L. 209; 43 L. J. Q. B. 267. See, as to action for not delivering abstract of title, *Steer v. Crowley*, 14 C. B. N. S. 337; 32 L. J. C. P. 191; *Gray v. Fowler*, L. R. 8 Ex. 249; 42 L. J. Q. B. Ex. 161.

(m) *Williams v. Glenton*, L. R. 1 Ch. at p. 209; 35 L. J. Ch. at p. 288. See as to recovering damages by summons under the Vendor and Purchaser Act, 1874, s. 9, *Re Wilson's and Stevens' Contract*, [1894] 3 Ch. 546.

purchaser. This being so, if the purchaser elected to accept performance, he was entitled to compensation. The compensation was really damages, and the measure of damages was the value of the possession of the premises between the time when it ought to have been given, and the time when it was given, that is to say, the rent which the purchaser would have received if the vendor had done his duty (n).

It has also been held that the rule in *Flureau v. Thornhill* does not apply in cases where the agreement shows upon its face that the vendor has not as yet got, and therefore possibly may never get, the title which he undertakes to convey; yet he expressly undertakes at once, or on a given date, to put the purchaser in possession; and the purchaser, in consideration of such agreement, undertakes to do, and does, something which cannot be undone, and which is of permanent benefit to the vendor; for the very nature of the undertaking, on both sides, shows that it is not dependent on the contingency of a good title being made out. In such a case the damages for breach of agreement will not be merely nominal. The purchaser will be entitled, under the general rule of common law, to such a pecuniary amount as is the difference between the present state of things, and what it would have been if the contract had been duly carried out (o).

Express agreement to convey notwithstanding defect of title.

Where a purchaser is entitled to damages for the loss of his bargain, if the vendor has resold the estate, the price at which it has been resold is *prima facie* evidence of the market value, and the first vendee will be entitled to recover the difference between it and the price which he had contracted to pay (p).

Loss of bargain.

It is of course competent to the parties to fix the measure of damages on breach of contract; therefore, where the plaintiff agreed to lend defendant money on mortgages, and defendant was to make out title within a specified time, in default of which the agreement should on the part of the plaintiff, if he thought proper, be utterly void; and it was further agreed

Liquidated damages.

(n) *Royal Bristol Permanent Building Society v. Bomash*, 35 Oh. D. 390; 56 L. J. Ch. 840.

(o) *Wall v. City of London Real Property Co.*, L. R. 9 Q. B. 249; 43 L. J. Q. B. 75.

(p) *Engel v. Fitch*, L. R. 4 Q. B. at p. 667; 38 L. J. Q. B. at p. 306; in *Ex. Ch. Godwin v. Francis*, L. R. 5 C. P. 295; 39 L. J. C. P. 121.

"that the defendant should pay to the plaintiff all costs and charges incurred by him or them in investigating the title to the said premises, and of any deeds or other instruments which might have been prepared in consequence of the said agreement, if the same should have been prepared at the desire of the defendant." It was held that the plaintiff could set up no claim for interest on money which lay idle in his hands for several months, before the treaty finally failed, though he had informed plaintiff of this fact, without however making any stipulation as to interest (*q*).

Doubtful title. A purchaser is not bound to accept a doubtful title (*r*), even with an indemnity (*s*); and where the vendor does not show a clear title by the day specified, the purchaser may rescind the contract and recover back his money, without waiting to see whether the seller may ultimately be able to establish his title or not (*t*), even in a case where on such title being finally made out, a Court of Equity would compel the vendee to accept the estate and pay the money (*u*).

Where, however, the purchaser has been let into possession of the land, so that the parties cannot be replaced *in statu quo*, he cannot rescind the contract, and sue for his deposit as money had and received. His remedy is on the contract (*x*).

Damages for vendor's delay.

In a suit for specific performance damages were not awarded under 21 & 22 Vict. c. 27, s. 2 (*y*), for the vendor's delay in completing his contract, where it was a case of fee simple property, nor unless there had been special damage, as from destruction of the property in the meantime, or from effluxion of time in a short lease (*z*). Nor could a plaintiff at the same time obtain an order to rescind an agreement for sale, and claim damages for the breach of the agreement (*a*).

Actions for refusal to complete purchase of land.

2. Actions against the vendee of land by the vendor for

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- (*q*) *Sweetland v. Smith*, 1 C. & M. 585.
 - (*r*) *Hartley v. Pehall*, Peake, N. P. C. 178; *Wilde v. Fort*, 4 Taunt. 334; *Jeakes v. White*, 6 Exch. 873; *Penniall v. Harborne*, 11 Q. B. 368.
 - (*s*) *Blake v. Phinn*, 3 C. B. 976.
 - (*t*) *Wilde v. Fort*, 4 Taunt. 334.
 - (*u*) *Ibid.* 334: *per* Lord Ellenborough, *Seaward v. Willock*, 5 East, 208.
 - (*x*) *Hunt v. Silk*, 5 East, 449; *Blackburn v. Smith*, 2 Exch. 783.
 - (*y*) This Act, commonly called Lord Cairns' Act, is now repealed, and is superseded by the new Rules of 1883. See *post*, c. xxi.
 - (*z*) *Chinnock v. Marchioness of Ely*, 34 L. J. Ch. 399.
 - (*a*) *Henty v. Schröder*, 12 Ch. D. 666; 48 L. J. Ch. 792.

refusal to complete his contract, stand on exactly the same footing as actions for not accepting goods (*b*). In one case the plaintiff in an action of this sort seems to have recovered the whole purchase money (*c*). But it is now decided that that is not the correct rule. "The plaintiff cannot have the land and its value too."

"The measure of damages is the injury sustained by the plaintiff by reason of the defendants not having performed their contract. The question is, how much worse is the plaintiff by the diminution in the value of the land, or the loss of the purchase money, in consequence of the non-performance of the contract" (*d*)? Accordingly, where defendants had been put into possession of land under an agreement to purchase, and had taken from it a quantity of brick clay, the damage was held to be the interest on the purchase money up to the commencement of the action, and the value of the clay (*e*). The usual conditions of sale by auction are, that if the vendee fail to complete the purchase, the vendor may sell, and the vendee shall pay expenses of resale, and make good the deficiency of price, if any (*f*). And the same principle will be applied, even without any express stipulation. Accordingly, where the purchaser declined to accept land on account of an objection to title, which was held to be bad, and the vendor sold again for a lower sum; it was held that he was entitled to recover as damages the difference between the price contracted for, and that which he ultimately received (*g*).

Where a contract for sale contained the following stipulation: "Lastly, if the purchaser shall neglect or fail to comply with any of the above conditions, the deposit shall be forfeited as liquidated damages to be retained by the vendors." Held, that this applied only to a breach of the condition of sale, but

Damages beyond deposit.

(*b*) 7 M. & W. 478. A railway company which, after giving a statutory notice of intention to take lands, fails to take the necessary steps for assessing the compensation, is responsible for damage sustained by the owner: *Morgan v. Metropolitan Ry. Co.*, L. R. 3 C. P. 553; 37 L. J. C. P. 265.

(*c*) *Hawkins v. Kemp*, 3 East, 410.

(*d*) *Laird v. Pim*, 7 M. & W. 474.

(*e*) *Ibid.*

(*f*) *Ex parte Hunter*, 6 Ves. 94.

(*g*) *Noble v. Edwardes*, 5 Ch. D. 378: reversed on another point at p. 392.

not to a breach of the entire contract to buy, and that on a wrongful abandonment of the purchase the vendor might recover damages beyond the amount of deposit; as, for instance, the auctioneer's charges for the abortive sale, and the costs incurred by him in preparing to complete the sale (*h*).

Forfeiture of deposit.

Where parties contract, as they frequently do by a condition of sale, that the deposit money shall be forfeited if the purchaser fail to carry out his contract, the deposit cannot, nor can any part of it, be recovered back on the ground that the forfeiture was in the nature of a penalty, and the actual loss to the vendee was less than the amount of the deposit (*i*). In fact, the cases distinguishing between a penalty and liquidated damages do not apply to a pecuniary deposit, which is in reality not a pledge, but a payment in part of the purchase money, made as a guarantee that the contract will be performed (*k*). It results from this that if the seller seeks to recover damages beyond the amount of the deposit, he must give credit for the deposit which he has retained. Therefore, where a contract for sale contained a condition that if the purchaser should fail to comply with the conditions, the deposit should be forfeited to the vendor, who should be at liberty to resell, and any deficiency upon resale, together with the expenses, should be made good by the defaulter, and on non-payment should be recoverable as liquidated damages, but that any increase of price at the second sale should belong to the vendor; it was held that, in estimating the loss on a resale, the deposit, although forfeited, was to be taken into account as diminishing the deficiency (*l*).

Agreement to lease.

Similar principles would be applied to an agreement for a lease. The owner of houses agreed with H. to grant him a lease of certain premises for ten years, at an annual rent of 500*l*. At the end of one year H. became bankrupt, and his trustee under the liquidation disclaimed the agreement. It was held that the lessors might prove their claim under s. 23

(*h*) *Icely v. Grew*, 6 Nev. & M. 467; *Essex v. Daniell*, L. R. 10 C. P. 538.

(*i*) *Hinton v. Sparkes*, L. R. 3 C. P. 161; 37 L. J. C. P. 81, *ante*, p. 154.

(*k*) Sugd. Ven. & Pur. c. 1, s. iii. § 18, p. 40, 13th ed.: *Howe v. Smith*, 27 Ch. D. 89; 53 L. J. Ch. 1055; *Soper v. Arnold*, 14 App. Ca. 429; 59 L. J. Ch. 214.

(*l*) *Ockenden v. Henly*, E. B. & E. 485; 27 L. J. Q. B. 361.

of the Bankruptcy Act, 1869, and that the measure of the injury sustained was the difference between the rent to be paid under the agreement, and what they could now obtain for the property (*m*).

3. Analogous to the case of warranties in sale of chattels, are the various covenants, for title, authority to convey, quiet enjoyment, and against incumbrances which are usual upon transfers of real property.

Damages on covenants for title and against incumbrances.

The cases upon this point in England are very scanty, while they are to be found in remarkable abundance in America. It is to be regretted that the multiplication of courts of independent jurisdiction in that country should make their decisions often a source of embarrassment, rather than an assistance in legal investigation.

Actions may be brought for breach of the covenant for title, and authority to convey, before any eviction or disturbance of the plaintiff has taken place (*n*). What ought to be the amount of damages under such circumstances?

It is plain that the conveyance may, notwithstanding the defect of title, pass something to the covenantee, or it may, in fact, pass nothing at all. The former state of facts occurred in a very old case. "B. covenants that he was seised of Bl'acre in fee simple, when in truth it was copyhold land in fee, according to the custom. By the Court. The covenant is broken (*o*). And the jury shall give damages, in their consciences, according to that rate, that the country values fee simple land, more than copyhold land" (*p*). This is exactly the same rule as we have seen before in the case of warranty of chattels personal; namely, that the measure of damages is the difference between the value of the thing as it is, and its value as it was warranted to be (*q*). And so in a case in New York, where on a similar covenant, it turned out that the grantors had the fee in two-sixths of the

Where something has passed to the plaintiff by the grant.

(*m*) *Ex parte Lynri Coal & Iron Co., In re Hide*, L. R. 7 Ch. 28; 41 L. J. Bank. 5; *Foster v. Wheeler*, 38 Ch. D. 130; 57 L. J. Ch. 871.

(*n*) *Kingdon v. Nottle*, 4 M. & S. 53; *Ex parte Elmes*, 33 L. J. Bank. 23. As to what is a breach of such a covenant, see *Howard v. Maitland*, 11 Q. B. D. 695. As to when covenants are implied in a lease, see *Baynes v. Lloyd*, [1895] 1 Q. B. 820; 64 L. J. Q. B. 441, 787.

(*o*) *Not broken*, in the original, but clearly by a misprint.

(*p*) *Gray v. Briscoe*, Noy, 142.

(*q*) *Ante*, p. 198.

When nothing
has passed.

premises, and a life estate in the remainder, the Court said, "There is no settled rule of law to ascertain the damages in such a case without having a jury to assess them, as they must depend principally upon the value of the estate during the lives of the defendants, which must be deducted from four-sixths of the consideration money. Nor ought interest to be allowed during their lives; for no one during that time will have a right to turn the plaintiff out of possession, or call upon him for the mesne profits" (r). On the other hand, the defect in the title may be so complete as to pass nothing from the grantor to the grantee. In such a case, in Massachusetts, it was said, "The rule for assessing the damages arising from this breach is very clear. No land passing by the defendant's deed to the plaintiff, he has lost no land by the breach of the covenant: he has lost only the consideration he paid for it. This he is entitled to recover back, with interest to this time" (s). And it has been stated by Patteson, J., that where a mortgage is made with covenant for title, the measure of damages, in case of breach of the covenant, is the original debt (t).

When possession
never
obtained.

Where the plaintiff has never got into possession of the land, and in consequence of the want of title never can, the above is clearly the proper measure for damages. The action on the covenant then comes in place of an action for money had and received, on failure of consideration (u). But it may be doubted whether the same rule would hold good, as a matter of law, where the plaintiff has got into possession, and in fact continued so still. A case may be easily imagined, and indeed constantly occurs, in which there is such a defect in the title as makes it strictly unsaleable, though there is little or no chance of the occupant ever being turned out. In such a case it would not be fair to allow the whole purchase money to be recovered. The vendor has not given a saleable title as he engaged; but he has given up his own possessory title, which was worth something to him, and is worth something to the purchaser. It is clear that if he were forced to

When plaintiff
is in
possession.

(r) *Guthrie v. Pugsley*, 12 Johnson's Rep. 126.

(s) *Bickford v. Page*, 2 Mass. 455, 461.

(t) 4 Q. B. 395.

(u) *Baber v. Harris*, 9 A. & E. 532.

refund the entire purchase money, the estate would not revert to him, because, as against him, the title would still be in his vendee. The covenant, it will be observed, is a continuing one (*x*); and, therefore, may be sued upon from time to time according as fresh damage arises (*y*). The fair rule then would be to give the plaintiff such damages as will compensate him for the defective quality of his title. This was the course adopted in the case last cited, where the special damage laid was, that the lands were thereby of less value to the owner, and that he was hindered from selling them so advantageously. And so in an American case, where it appeared that there was an outstanding paramount title, which the plaintiff had purchased in, having been all the time in possession, it was held that he was not entitled to recover the whole consideration money with interest, but only the amount paid to perfect the title, with interest from the time of payment (*z*). It may be questioned, too, whether interest on the purchase money ought in any case to be allowed, where the plaintiff has had a beneficial possession. The profits received from the land ought to be assumed to be an equivalent for the outlay of his money (*a*). It would be different where the land had been taken for some use which could produce no return until a distant period, which had not arrived; as, for instance, where the purchase was of building lots or unreclaimed land. Where the plaintiff has always been in possession, and his title has since been perfected, without any expense on his part, nominal damages only can be recovered in the absence of special loss; as, for instance, where the grantor, having conveyed without title, subsequently acquired a title, which was held to enure to the grantee by estoppel (*b*).

A breach of the covenant for quiet enjoyment cannot occur till the plaintiff has actually been dispossessed or otherwise

Covenant for
quiet enjoy-
ment.

(*x*) *Kingdon v. Nottle*, 4 M. & S. 53.

(*y*) *Ante*, pp. 106 *et seq.*

(*z*) *Spring v. Chase*, 22 Maine, 505; *Brandt v. Foster*, 5 Iowa, 287; *Fawcett v. Woods*, *ib.* 400. The vendee cannot, however, swell his damages beyond the amount of the consideration paid to the vendor by purchasing the paramount title: *Cox v. Henry*, 32 Penn. 18.

(*a*) *Cox v. Henry*, 32 Penn. 18.

(*b*) *Baxter v. Bradbury*, 20 Maine, 260. And see *Nosler v. Hunt*, 18 Iowa, 212.

Damages on
eviction.

disturbed (c). Cases of this sort present less difficulty than the preceding in one respect, viz., that the nature of the damages is in general no longer hypothetical, but ascertained. Where the plaintiff, who was lessee of a term, was evicted, it was held that in actions on the covenant for title, or quiet enjoyment, the measure of damage was the value of the unexpired part of the term, and the amount of any damages recovered against the plaintiff by the ejector as mesne profits without interest (d). And where an action is brought against the occupier by a person with superior title, and the former compromises by paying money, he is entitled in an action upon the covenant for title to recover the whole sum so paid, and his costs as between attorney and client, even though he gives the covenantor no notice of his intention to compromise. The only effect of want of notice is to let in the party, who is called upon for an indemnity, to show that the plaintiff has no claim in respect of the alleged loss, or not to the amount alleged; that he made an improvident bargain; and that the defendant might have obtained better terms, if the opportunity had been given him (e). And any other damages, which are the natural consequences of the wrongful breach of covenant, may be recovered in addition to the value of the term so lost, if it was of value; as, for instance, the expense of setting up in a new place (f).

Temporary
incon-
venience.

Where a railway company had purchased the reversion of a

(c) See as to what are breaches of this covenant: *Sanderson v. Mayor of Berwick*, 13 Q. B. D. 547; 53 L. J. Q. B. 559: explained by Lindley, L.J., *Manchester, S. & L. Ry. v. Anderson*, [1898] 2 Ch. at p. 402: *Jenkins v. Jackson*, 40 Ch. D. 71; 58 L. J. Ch. 124: *Robinson v. Kilvert*, 41 Ch. D. 88; 58 L. J. Ch. 392: *Harrison v. Lord Muncaster*, [1891] 2 Q. B. 680: *Wallis v. Hands*, [1893] 2 Ch. 75.

(d) *Williams v. Burrell*, 1 C. B. 402. So, where a lessor, being tenant for life, with power to grant leases in possession, granted to a lessee in possession a reversionary lease, which, on the lessor's death, reversioner refused to ratify, the lessee recovered from the lessor's executor the premium which he had paid to the lessor, and the difference in value between the term professed to be granted by the lessor, and that ultimately granted by the reversioner, together with the excess of the costs of the second lease over that of the void lease: *Lock v. Furze*, 19 C. B. N. S. 96; 34 L. J. C. P. 201; affirmed in Ex. Ch. L. R. 1 C. P. 441; 35 L. J. C. P. 141: *Jenkins v. Jones*, 9 Q. B. D. 128; 51 L. J. Q. B. 438: *Henty v. Wray*, 19 Ch. D. 492; 51 L. J. Ch. 422; reversed on another point, 21 Ch. D. 332.

(e) *Smith v. Compton*, 3 B. & Ad. 407: *Rolph v. Crouch*, L. R. 3 Ex. 44; 37 L. J. Ex. 8.

(f) *Grosvenor Hotel Co. v. Hamilton*, [1894] 2 Q. B. 836; 63 L. J. Q. B. 661.

lease which contained the usual covenant for quiet enjoyment, and then not only caused structural injury to the lessee's house by their works, but rendered the access to his premises less convenient, by blocking up half of the thoroughfare in which it stood with their hoardings, and by the passage of their carts, and for several days obstructed a passage through which he had a right of way, Lindley, L.J., said: "I take it that a mere temporary inconvenience caused by a lessor, not in depriving his tenant of a right of way, but in rendering his access less convenient than it was, is not a breach of covenant for quiet enjoyment. A temporary inconvenience which does not interfere with the estate or title or possession is not, to my mind, a breach of covenant, nor is there any case that goes anything like the length required to show that it is." "It appears to me, therefore, that none of these things, except the structural injury to the house, are breaches of the covenant; but even if they are, the answer is that the acts done by the company are done under their statutory powers, and the remedy, if any, is compensation under the Acts" (g).

A covenant for quiet enjoyment is a continuing covenant, upon which damages may be recovered from time to time as they accrue. Hence in such an action a plaintiff cannot obtain future unascertained damages. Where the breach of covenant consisted in the fact that other persons had established a right of way over the demised premises, it was held that the measure of damages was not the permanent injury to the land, but only the damage sustained up to the commencement of the action (h). Jessel, M.R., said, "It has been held that where there has been eviction, so that you can never have another action under the covenant for quiet enjoyment, but are evicted for ever, there, of course, the damages must be assessed once for all. But where there has been no eviction the damages are only the damages actually sustained; because you cannot tell what may happen in the future, or how far persons who have a right to interfere and disturb the quiet enjoyment may choose to avail themselves of that right, or whether they will interfere at all. That being so, the evidence

Future
damage.

(g) *Manchester, Sheffield & Lincoln Ry. Co. v. Anderson*, [1898] 2 Ch. 394 at p. 401; 69 L. J. Ch. 568.

(h) Now up to the time of their assessment, Ord. 36, R. 58, *ante*, p. 111.

ought to have been directed to show that some actual damage had been sustained by the plaintiff by reason of the interference of the Stennings by the exercise of their right of way before the issuing of the writ" (i).

Mode of calculating value of land ;

Of course the rule stated above, as to the damages being the value of the unexpired part of the term, would apply equally where the estate was of a nature higher than a chattel interest. If it were held in fee, the damages would be the entire value of the estate. And then arises the question, how is this value to be calculated? Is it to be the value at the time of conveyance, or at the time of eviction? There is little authority upon this point in England, but it has formed the subject of frequent discussion in America (k).

when it has increased.

Land may have obtained an increased value since the time of the conveyance, either from intrinsic circumstances affecting it, or from improvements made upon it by the purchaser. In New York, and some other states, it was early decided that the measure of damages in case of eviction, when the purchaser derived no benefit from the property, owing to the defective title, was the sum paid, with interest from the time of payment, and the costs of ejectment (l). Kent, C.J., said: "Upon the sale of lands, the purchaser usually examines the title for himself, and in case of good faith between the parties (and of such cases only I now speak), the seller discloses his proofs and knowledge of the title. The want of title is therefore usually a case of mutual error, and it would be ruinous and oppressive to make the seller respond for any accidental or extraordinary rise in the value of the land. Still more burdensome would the rule seem to be, if that rise was owing to the taste, fortune, or luxury of the purchaser. No man could venture to sell an acre of ground to a wealthy purchaser without the hazard of absolute ruin." The same rule was applied in a later decision to the case of improvements made by the owner, for which it was held that no allowances could be made (m). And a similar doctrine was laid down where the

(i) *Child v. Stenning*, 11 Ch. D. 82; 48 L. J. Ch. 392.

(k) See Sedg. Dam. 159, pp. 321 *et seq.* 7th ed.; s. 957, 8th ed.

(l) *Staats v. Ten Eyck's Exors.*, 3 Caines. 111 (f).

(m) *Pitcher v. Livingston*, 4 Johnson's Rep. 1.

eviction was from a lease (*n*). These decisions seem to have been founded not only on the arguments from expediency which were advanced, but on the analogy of the old law in the case of a warranty, upon a writ of *warrantia chartæ*. There the rule also was, that the value should be taken at the time of the conveyance, and not at the time it was recovered back from the occupier (*o*). The law of New York upon this point is followed by the states of South Carolina, Virginia, Tennessee, and Kentucky. On the other hand, in Massachusetts and Connecticut, although the purchase money and interest is held to be the proper measure of damages, in an action on the covenant for title where there has been no eviction, the Courts have decided that where there has been an eviction, the value of the land is to be estimated as it was at that time (*p*). And so in a case before Knight Bruce, V.-C., in 1850, where a father had settled an estate upon the marriage of his son, and covenanted with the trustees that he was seised in fee, whereas he was but tenant for life, in estimating the damages for the breach of covenant, the value of the estate was taken at the death of the settlor (*q*).

I conceive that the doctrine laid down by Kent, C. J., is clearly the equitable rule, where the improvements arise from causes of an entirely collateral nature, such as the growth of a town, the formation of a railway or the like. The occupier has had all the benefit of this increased value, so long as it lasted, without paying anything for it. Even supposing that he had sold again after the land had risen in value, and been forced to pay back to his purchaser according to that additional value, still he would be only repaying money which he had actually received, and no more (*r*).

Increase in
natural value.

But the same obvious equity seems by no means to exist when the additional value arises from the outlay of the plaintiff's own capital upon the land. No doubt cases might be put in which a claim for damages on this account would be

Outlay of
capital.

(*n*) *Kinney v. Watts*, 14 Wend. 38.

(*o*) 6 Ed. II. 187.

(*p*) *Gore v. Brazier*, 3 Mass. 523, 543 : *Cuswell v. Wendell*, 4 Mass. 108 : *Horsford v. Wright*, Kirby, 3.

(*q*) *Wace v. Bickerton*, 3 D. G. & S. 751. See at p. 756.

(*r*) But in *Lock v. Furze*, *ante*, p. 218, the plaintiff really recovered damages for a rise in the value of the land.

clearly inadmissible ; as, for instance, if a person bought a moor or a mountain for shooting over, and chose to reclaim the one, or build a mansion with pleasure grounds upon the other. But suppose he purchased building ground at so much per foot in London or Manchester for the express object of building, ought he not to be repaid for money laid out in this way, the benefit of which is seized by a stranger ? In this case, the damage incurred is the direct result of the breach of contract, and a result which must have been contemplated by the party entering into the covenant (*s*). Probably this will be found to be the true ground of distinction, and that every case must be decided upon its own merits, according as the improvements were the fair consequence of the contract of sale or not.

Damages in case of eviction from part of the land.

Where there has been an eviction of part of the land sold, the mode in which damages are to be assessed will vary according as the failure of title takes place as to an undivided share of the land, or as to an ascertained portion of it. In the former case, the vendor must refund an aliquot part of the purchase money, according to the fractional part lost by the purchaser. In the latter case, evidence may be given of the quality of the specific piece from which the plaintiff has been ejected, and the law will apportion the damages to the measure of value between the land lost and the land preserved (*t*). Where the land is only held on lease, and there is a partial eviction by

(*s*) Accordingly, in equity, a purchaser of building land has had allowed to him the amount expended in erecting houses : *Bunny v. Hopkinson*, 27 Beav. 565 ; 29 L. J. Ch. 93. In *Rolph v. Crouch*, L. R. 3 Ex. 44 ; 37 L. J. Ex. 8, the lessee, a florist, recovered the value of his conservatory. And in America, tenant's improvements rendering the land more productive, have been allowed : *Ricketts v. Lostetter*, 19 Ind. 125 ; and the costs of paving in front of building lots : *Hale v. City of New Orleans*, 18 Louisiana (Ann.), 321. In an action for breach of a covenant for quiet enjoyment, it appeared that the plaintiff had erected buildings upon the land and converted it into pleasure grounds, and he claimed damages for the expense he had incurred in so doing. Dallas, C.J., said, "I very much doubt whether in any case a plaintiff can recover for the improvements and buildings he may choose to make and erect upon the lands." The point, however, was not decided : *Lewis v. Campbell*, 8 Taunt. 727.

(*t*) *Per* Kent, C.J., *Morris v. Phelps*, 5 Johnson's Rep. 49, 55 ; *Brandt v. Foster*, 5 Clarke, Iowa, 287. In one case in America, for the purpose of reducing the damages to a nominal sum, parol evidence was admitted to show that nothing was in fact paid for the specific piece, and that it was included in the conveyance by mistake : *Nutting v. Herbert*, 35 New Hamps. 120.

title paramount, the rent will be apportioned (*u*). The damages then ought, according to the principle laid down before (*v*), to be the value of the part evicted for the unexpired portion of the term ; that is the difference between the rent which would have been paid, and the profits which would have been made. Where, however, the eviction is by the lessor himself, or any one claiming through him, there is no apportionment, but a complete suspension of all subsequently accruing rent (*w*). Would this make any difference in the claim for damage ?

Where the damages are to be calculated upon the basis of the purchase money, its amount, if stated in the deed of conveyance, cannot be contradicted by parol evidence. "Where any consideration is mentioned, if it is not said also, 'and for other considerations,' you cannot enter into any proof of any other : the reason is because it would be contrary to the deed ; for when the deed says it is in consideration of such a particular thing, that imports the whole consideration, and is negative to any other" (*x*). On the same principle, evidence cannot be given that it was really smaller than is stated, or that it was never paid at all (*y*). One case may seem contradictory, but is really not so. A deed containing a general release of all debts, recited that the releasee had previously agreed to pay to the releasor the sum of 40*l.*, and that "in consideration of the said sum of 40*l.* being now so paid as hereinbefore is mentioned," and also in consideration of certain other payments to him and J. S., "the receipts of which said several sums they did hereby acknowledge," he the plaintiff releases the defendant from all demands, &c. ; the action was for the 40*l.* which it was proved had never been paid. It was held that the words of the deed formed no estoppel, as the general words of the release were qualified by the recital, and that the sentence ought to be read, "In consideration of

Deed is conclusive as to amount of purchase-money.

(*u*) *Smith v. Malings*, Cro. Jac. 160 : *Stevenson v. Lambard*, 2 East, 575 : *Hoodle v. Campbell*, 7 M. & Gr. 386.

(*v*) *Williams v. Burrell*, 1 C. B. 402, *ante*, p. 218.

(*w*) *Morrison v. Chadwick*, 7 C. B. 266.

(*x*) *Per* Lord Hardwicke, *Peacock v. Monk*, 1 Ves. Sen. 128.

(*y*) *Rountree v. Jacob*, 2 Taunt. 141 : *Baker v. Dewey*, 1 B. & C. 704. But in equity a recital that purchase money has been paid may be shown to be not true: *Wilson v. Keating*, 4 De Gex & J. 588 ; 27 Beav. 121 ; 28 L. J. Ch. 895.

the sum of 40*l.* being now so agreed to be paid as aforesaid ” ; while the subsequent words of receipt referred more properly to the payments which were to be made to the releasor and J. S. (z).

Effect of covenant for quiet enjoyment.

It must be remembered that a covenant for quiet enjoyment is only a covenant to secure title and possession. It does not guarantee the tenant that he may lawfully use the land for any purpose. And even though there is a covenant restricting him from using the land for certain specified purposes, this does not amount to a guarantee that he may use it for all other purposes. Defendant became assignee of a sub-lease which contained a covenant for quiet enjoyment by the sub-lessor, and a covenant by the sub-lessee that he would not use the premises for certain defined purposes, of which the trade in beer was not one. He was ignorant that the original lease contained a covenant against selling beer. The original lessor obtained an injunction against his continuing the beer trade. It was held that this was no breach of any covenant, express or implied, between the sub-lessor and sub-lessee. The injunction did not interfere with his title or possession, but only with a particular mode of enjoying the land, in which he had never been guaranteed (a).

Covenant for further assurance.

In the case of a covenant for further assurance the whole value cannot be recovered till the ultimate damage is sustained. And if no damage is suffered in the lifetime of the ancestor, the action must be brought by the heir and not by the executor (b).

Covenant against incumbrances.

The last species of covenant we shall notice under this head is the covenant against incumbrances. There seems to be no difference in principle between a covenant against incumbrances, and a covenant to pay them off. If so, the point is decided in England. The action was by the trustees of the defendant's wife on a covenant to pay off incumbrances to the amount of 19,000*l.* They had paid nothing themselves, and no special damage was laid or proved ; it was held that the full amount of the incumbrances might be recovered. Lord Tenterden, C.J., said, “ If the plaintiffs are only to recover a

(z) *Lampson v. Corke*, 5 B. & A. 606.

(a) *Dennett v. Atherton*, L. R. 7 Q. B. 316 ; 41 L. J. Q. B. 165.

(b) *King v. Jones*, 5 Taunt. 418, 428.

shilling damages, the covenant becomes of no value." And Patteson, J., said, "At law the trustees were entitled to have the estate unincumbered; how could that be enforced, unless they could recover the whole amount of the incumbrances in an action on the covenant?" (c). The rule in America is different. There it is held that the damages are merely nominal, unless the plaintiff has paid something to their discharge (d). But that when he has extinguished the incumbrances he is entitled to an indemnity (e).

I conceive that the rule laid down by the Court of King's Bench is the true one. The damages are not, as Mr. Sedgwick seems to suppose, given in respect of a future contingent loss. They are the proper compensation for an actual and existing loss. The question is, how much is the value of the estate diminished at the moment by the existence of the incumbrances? If interest has to be paid upon them, there is a clear loss of annual profit; but suppose the interest is provided for elsewhere, and the estate is merely an ultimate security, still the owner is damnified to the full amount of the incumbrances, if he should wish to sell the estate, to mortgage it, to settle it, or to charge portions upon it. True, he may not want to do any of these things at present, but as soon as he does want to do them, he will undoubtedly fail. It is no satisfaction to a man who has to break off a match, for instance, because he cannot effect a settlement, to be told that he may now bring an action, and obtain substantial damages. Nor is it any answer to say that he may himself pay off the incumbrance, and then sue; because very likely he may have no ready money, and be unable to borrow any, on account of the incumbered condition of his estate; in short, the American doctrine converts a covenant to pay off incumbrances into a covenant of indemnity against incumbrances, which it is apprehended is a very different thing.

Principle of damages for breach.

(c) *Lethbridge v. Mytton*, 2 B. & Ad. 772.

(d) *Prescott v. Truman*, 4 Mass. 627; *Grant v. Tullman*, 20 N. Y. 191. But where the representation that the property was unincumbered was made fraudulently, the amount of the mortgage was recovered: *Haight v. Hayt*, 19 N. Y. 464.

(e) *Delarergne v. Norris*, 7 Johnson's Rep. 358; *Hall v. Dean*, 13 Johnson's Rep. 105. Cases where the grantee has been actually evicted in consequence of the breach of covenant, of course come under different rules. See all the cases, Sedg. Dam. 178—183, pp. 352—365, 7th ed.; ss. 967 *et seq.*, 8th ed.

Contingent
incumbrance.

Where, however, an action is brought on a covenant against incumbrances, and the incumbrance is not necessary, but only a contingent one, which may never occur, the damages will be nominal (*f*).

And where both present and contingent loss are negatived, the damages will obviously be only nominal; for instance, when at the time of trial the incumbrance has ceased to exist, and its removal has caused no expense to the plaintiff (*g*).

Covenant to
renew.

The amount of damage recoverable for a breach of covenant to renew was much discussed in a case in Ireland (*h*). The covenant was treated as not involving a contract that the renewal would confer a good title (*i*), and it followed as a necessary consequence that the value of the renewal, for withholding which damages were to be assessed, depended partly on the value of the land and partly on the title of the lessor. It was considered that if the lessor had no title or estate out of which a valid renewal could have been carved, the lessee lost nothing by the non-renewal, for under such circumstances a renewal would have been valueless (*k*). The same decision was given in a recent case, where the covenant to renew at a specified rent was granted by a lessor who was only empowered to lease at the best rent obtainable. When the time for renewal arrived, the rent specified in the covenant was far below the best rent. It was held that the covenant was good when it was made, but that it could not be carried out for want of title when the time arrived. Therefore, that it could not be specifically enforced, and that no damages could be awarded for its breach (*l*).

Fitness for
habitation.

Where a house is let furnished, for immediate occupation, there is an implied covenant that the house is reasonably fit for habitation, so that the intending tenant can safely enter into his tenancy on the day on which the tenancy begins. Where this condition is not complied with, the tenant is at

(*f*) *Vane v. Lord Barnard*, Gilb. Eq. Rep. 7.

(*g*) *Herrick v. Moore*, 19 Maine, 313; *Smith v. Jeffs*, 44 New Hamps. 482.

(*h*) *Strong v. Kean*, 13 Ir. L. R. 93, Ex. Ch.

(*i*) *Ib.*, per Pigott, C.B., at p. 146.

(*k*) *Strong v. Kean*, 13 Ir. L. R. 93, Ex. Ch.; and see per Crampton, J. at p. 128.

(*l*) *Gas Light and Coke Co. v. Touse*, 35 Ch. D. 519; 56 L. J. Ch. 889; following *Bain v. Fothergill*, L. R. 7 H. L. 158, ante, p. 207.

liberty to rescind the contract at once. But if he does not choose to do so, he would be entitled to recover damages for the inconvenience and loss he was put to ; for instance, the expense of remedying the defect complained of, the cost of removing to a hotel and living there while the house was being made habitable, and the like (*m*). And so where persons are admitted into a building on payment, there is an implied warranty that the building is safe (*n*).

Finally, it may be remarked, that as the damages for breach of any covenant are measured by the actual loss or inconvenience which the plaintiff has been put to by the breach, this loss or inconvenience may from time to time vary or disappear. If by lapse of time, change of circumstances, or from any other cause, the covenant has ceased to operate, or has wholly or in part lost its beneficial character, or if its breach has been acquiesced in to a degree short of that which would bar an action, a breach may come to be measured by very small, or by merely nominal damages (*o*).

Change of circumstances.

(*m*) *Wilson v. Finch Hatton*, 2 Ex. D. 336 ; 46 L. J. Ex. 489. There is no implied agreement that the house shall continue fit for habitation : *Nelson v. Roberts*, [1895] 2 Q. B. 395 ; 65 L. J. Q. B. 37.

(*n*) *Francis v. Cockrell*, L. R. 5 Q. B. 184, 501 ; 39 L. J. Q. B. 113, 291.

(*o*) *Wigzell v. School for Indigent Blind*, 8 Q. B. D. 357 ; 51 L. J. Q. B. 330 : *Sayers v. Collyer*, 24 Ch. D. 180 ; 52 L. J. Ch. 770 ; *affd.* 28 Ch. D. 103 ; 54 L. J. Ch. 1.

CHAPTER VI.

1. Work and labour.

2. Contracts of hiring and service.

NEXT to contracts of sale, probably the most common species of contract is that by which the labour of others is purchased for a limited time. Agreements of this sort are entered into with a view to the performance of a particular work, or the procuring of a certain amount of service, and the remuneration to the other party resolves itself into the price of the work, or his own wages or salary.

I. As to contracts for work and labour.

This case will be simple enough where the work has been done according to the contract. The measure of damages will be the contract price if any, or the value of the thing, if no price has been fixed. Where the work consists partly of work done under a special contract, and partly of extras added subsequently, the plaintiff may recover for the latter at once, on a *quantum meruit*, even though the time for paying for the work under the agreement has not arrived. And a *quantum meruit* is the only way in which such extras can be sued for, unless there has been a special contract to meet them (a). In such an action the original contract must be put in stamped, that it may be seen what work was extra (b). Where there has been a contract for a specific work at a settled price, and deviations have been subsequently agreed on, the employer is not liable beyond the amount stipulated, unless he was informed

Extras.

Deviations.

(a) *Robson v. Godfrey*, 1 Stark. 275. See as to the effect of special contracts, *Ranger v. G. W. Ry. Co.*, 5 H. L. Ca. 72; *Russell v. Sa da Bandeira*, 13 C. B. N. S. 149; 32 L. J. C. P. 68; *Stadhard v. Lee*, 3 B. & S. 364; 32 L. J. Q. B. 75.

(b) *Buxton v. Cornish*, 12 M. & W. 426; but see *Edie v. Kingsford*, 14 C. B. 759; 23 L. J. C. P. 123.

that the alterations would create additional expense, or unless he must necessarily have known it (*c*). And where the plaintiff has contracted to supply a particular article of certain materials at a stated price, he cannot by making it of superior materials obtain a right to an increased price ; nor can he, when it has once been delivered to the defendant, force him to return it on his refusal to pay such a price (*d*).

Where the plaintiff was employed to construct a machine, by means of which he was to experiment on the best mode of carrying out defendant's patent, it was held that in an action for work, labour, and materials, he might recover not only the cost of the machine and his own labour, but also for his scientific skill, and the use of other machines necessarily kept idle while the experiments were going on (*e*).

Interest will be recoverable under 3 & 4 W. IV. c. 42 (*f*), but not otherwise.

On the other hand, there may be a failure to carry out the contract, either through the plaintiff's default, or the refusal of the defendant to allow him to proceed in it.

When the contract is to do a specific piece of work, as, for instance, to build a house for an entire sum, there can be no claim for payment of any part before the whole is finished (*g*). But where the consideration is apportionable, as when a shipwright agreed to put a ship into thorough repair, and no entire sum has been agreed on, it has been held that the person who is to do the work may sue for payment as the benefit accrues, and recover *pro tanto* (*h*). *A fortiori* where the consideration is apportioned by the agreement, and a price affixed to each item, as on a contract to deliver straw at the rate of three loads in a fortnight up to the 24th June, at the sum of 33s. per load (*i*). It may be observed that the contract with the attorney is an entire one, to carry the suit

Claim for payment before entire work has been completed ;

(*c*) *Lovelock v. King*, 1 M. & Rob. 60.

(*d*) *Wilnot v. Smith*, 3 C. & P. 453.

(*e*) *Grafton v. Armitage*, 2 C. B. 336 ; *Bird v. McGahey*, 2 C. & K. 707.

(*f*) See *ante*, p. 169.

(*g*) *Rees v. Lines*, 8 C. & P. 126 ; *Appleby v. Myers*, L. R. 2 C. P. 651 ; 36 L. J. C. P. 331, in Ex. Ch. : *Anglo-Eg. Nar. Co. v. Rennie*, L. R. 10 C. P. 271, 571 ; 44 L. J. C. P. 130, 292, n. : *The Madras*, [1898] P. 90 ; 47 L. J. P. 53.

(*h*) *Roberts v. Harelock*, 3 B. & Ad. 404.

(*i*) *Withers v. Reynolds*, 2 B. & Ad. 882.

to its termination, and he cannot recover costs for part of a suit which he has abandoned, unless he has given his client reasonable notice (*j*), or can show some satisfactory reason to dispense with such notice (*k*); but if his client refuses to supply him with money, he may, after notice, discontinue the proceedings, and sue for the work done (*l*).

or where it is not in accordance with the contract.

No action can be maintained upon a contract to do a certain thing at a stated price, where the plaintiff has himself failed to perform his part of the agreement. Nor can he recover even for the partial benefit the defendant has received, when the labour was expended upon the defendant's own property so as to be inseparable from it; as, for instance, where the contract was to make three chandeliers complete for 10*l.*; or to cure a flock of sheep, the agreement being that the plaintiff was to be paid nothing unless he cured all, which he did not do (*m*). Here the retention of the benefit accruing from the plaintiff's labour clearly raises no new implied contract to pay for it, and the original contract has been broken. Where, however, the original agreement has not been performed, but the plaintiff has done something which the defendant has accepted and retained, dealing with it in such a manner as to raise an implied contract to pay for it, the plaintiff may recover the value of the partial benefit, not upon the original contract, but upon a *quantum meruit*. In such a case he is only entitled to recover the value of the work done, and the materials supplied (*n*); and the inferiority of the work may be given in evidence in reduction of damages (*o*). No

Case in which plaintiff may sue on *quantum meruit*.

(*j*) *Harris v. Osbourn*, 2 C. & M. 629.

(*k*) *Nicholls v. Wilson*, 11 M. & W. 106.

(*l*) *Vansandau v. Browne*, 9 Bingh. 402. But in a case in the Privy Council, where a decree had been made in favour of the appellant with costs, and his solicitor declined to proceed with the taxation, apparently for want of funds, the Committee directed him to proceed in the matter at once. Lord Westbury said: "It is the duty of a solicitor, who has once undertaken a cause, to carry it to a conclusion, and he cannot refuse to do that duty by reason of the client not having complied with any application that may have been made to him." Jan. 26, 1870. *Anon.*, 4 Bengal, L. R. P. C. 29.

(*m*) *Sinclair v. Byles*, 9 B. & C. 92; *Butes v. Hudson*, 6 D. & R. 3; *Munro v. Butt*, 8 E. & B. 738.

(*n*) *Grounsell v. Lamb*, 1 M. & W. 352; *Lucas v. Godwin*, 3 Bingh. N. C. 737; *Chapel v. Hicker*, 2 C. & M. 214.

(*o*) *Baston v. Butler*, 7 East, 479; *Cruzins v. Paddon*, 2 C. M. & R. 547; and see *ante*, p. 119.

remuneration at all can be recovered, when no benefit has been received. This may happen, either where work which might be useful has been performed unskilfully, or where work which is useless for the object in view has been performed even skilfully (*p*).

Where a party contracts to do work at a certain price, and his employer afterwards does part of it, or furnishes part of the materials which the former had undertaken to supply, this is matter of reduction of damages, not of set-off (*q*).

There is nothing peculiar in an attorney's claim to recover costs, except the statutory regulations as to delivering a signed bill, and getting them taxed (*r*).

Where the non-performance of the contract arises, not from any failure on the part of the plaintiff, but from some act of the defendant, who absolutely refuses to perform, or renders himself incapable of performing his share of the contract, the plaintiff may rescind the contract and sue at once, on a *quantum meruit*, for what he has done. This was decided in a case where the plaintiff had been engaged by the defendant to write a treatise on Costume and Ancient Armour, to be published in the Juvenile Library. When a certain progress had been made in the work, the defendants abandoned the publication for which it was intended. The declaration contained a count for work and labour, upon which it was held that the plaintiff might recover on the principle stated above (*s*).

Damages when defendant has prevented performance of contract :

II. As to contracts of hiring.

No difficulty can arise, when the action is for wages earned by virtue of a contract which has been completely performed.

When the contract is to serve for a specified time for a specified sum, the plaintiff cannot recover that sum upon the contract unless he has performed it: nor upon a *quantum meruit*, unless the non-performance arises from the defendant's

when plaintiff has not completed time of service.

(*p*) *Hill v. Featherstonhaugh*, 7 Bingh. 569: *Huntley v. Bulwer*, 6 Bingh. N. C. 111.

(*q*) *Turner v. Diaper*, 2 M. & G. 241: *Newton v. Forster*, 12 M. & W. 772.

(*r*) 6 & 7 Vict. c. 73, s. 37. As to evidence in reduction of damages, see *ante*, p. 119.

(*s*) *Planché v. Colburn*, 8 Bingh. 14. See *Prickett v. Badger*, 1 C. B. N. S. 296; 26 L. J. C. P. 33: *Inchbald v. Western Neilgherry Coffee Co.*, 17 C. B. N. S. 733; 34 L. J. C. P. 15.

act; therefore where a seaman was hired for a certain sum, "provided he proceeds, continues, and does his duty in the ship for the voyage," and he died before its arrival, it was held that no wages could be claimed either on the contract, or upon a *quantum meruit* (t). On the same principle, where a servant is dismissed for misconduct, he cannot recover any wages due to him since the last pay-day (u).

Service improperly determined.

Where the service has been determined before the natural time, by the wrongful act of the defendant, some questions of nicety arise, both as to the amount that may be recovered, and the mode in which it must be sued for (v).

Difference between agreement to retain in service, and agreement to pay for service.

In the first place, "the distinction is very important between

(t) *Cutter v. Poncell*, 6 T. R. 320, 2 Sm. L. Ca. 1. It may be remarked, that the rule by which a seaman's right to wages was made contingent on the earning of freight was done away with by the Merchant Shipping Act, 1854, 17 & 18 Vict. c. 104, s. 83. The rule never extended to the master: *Hawkins v. Twizell*, 5 E. & B. 883; 25 L. J. Q. B. 160.

(v) *Ridgway v. Hungerford Market Co.*, 3 A. & E. 171; *Walsh v. Walley*, 1 L. R. 9 Q. B. 367; 43 L. J. Q. B. 102. See, for instances of such dismissal, *Turner v. Robinson*, 5 B. & Ad. 789; *Amor v. Fearon*, 9 A. & E. 548; *Gould v. Webb*, 4 E. & B. 933; *Boston v. Ansell*, 39 Ch. D. 339. The act need not involve any moral delinquency: *Turner v. Maam*, 14 M. & W. 112; *Smith v. Thompson*, 8 C. B. 44; *Horton v. M. Murtry*, 29 L. J. Ex. 260; and want of skill to do work undertaken justifies dismissal: *Harmer v. Cornelius*, 5 C. B. N. S. 236; 28 L. J. C. P. 85. It is not necessary for the master to tell the servant the grounds of his dismissal: *Baillie v. Kell*, 4 Bingh. N. C. 638; nor even to know them at the time, provided a sufficient ground for dismissal did then exist: *Ridgway v. Hungerford Market Co.*, 3 A. & E. 171; *Wilets v. Green*, 3 C. & K. 52; *Spotswood v. Barrow*, 5 Exch. 110; though he may by his mode of pleading make his knowledge of the misconduct material, and necessary to be proved: *Mercer v. Whall*, 5 Q. B. 447; *Cassons v. Skinner*, 11 M. & W. 161. Disability from temporary sickness will not disentitle a servant to wages, if the contract is treated as subsisting throughout: *Cuckson v. Stones*, 1 E. & E. 248; 28 L. J. Q. B. 25. Permanent illness excuses non-performance of a contract for personal service: *Boast v. Firth*, L. R. 4 C. P. 1; 38 L. J. C. P. 1; or the occurrence of a new state of facts, brought about by the act of the master which would expose the servant to risks of a character different from any he had contracted to encounter: *P. Neil v. Armstrong*, [1895] 2 Q. B. 418. The orders of a trade-union, forbidding a servant to work or associate with a non-unionist, are no answer to proceedings by the master treating such disobedience as a breach of contract, or relying upon it as a defence to a claim for wages: *Bowes v. Press*, [1894] 1 Q. B. 202. So the death of either master or servant puts an end to the contract in the absence of any stipulation to the contrary: *Farrow v. Wilson*, L. R. 4 C. P. 744; 38 L. J. C. P. 326. The premium paid with an apprentice cannot be recovered back if the master dies: *Whincup v. Hughes*, L. R. 6 C. P. 78; 40 L. J. C. P. 104.

(v) As to the position of a servant of the Crown, in case of dismissal by the Crown, see *Dunn v. The Queen*, [1896] 1 Q. B. 116; 65 L. J. Q. B. 279; *Mitchell v. Reg.*, *ibid.* 121, n.; *Gould v. Stuart*, [1896] A. C. 575.

an agreement to retain and employ for a given term, and then to pay for services, at the end of the term, a sum certain ; and simply to pay a sum certain for services at the end of the term. In the former case, the person employed has an immediate remedy the moment he is dismissed without lawful cause, for a breach of the contract to retain and employ, and will recover an equivalent for the breach of the employer's contract, which may be less than the stipulated wages payable at the end of the term, if it happens that he has the opportunity of employing his time beneficially in another way, and the employer is not bound to pay the whole of the agreed sum. But in the latter case, that is, if the agreement is that the person retained is to be paid a certain sum for his services at a certain time, provided he serves, there being no contract to retain and employ during that term, he can only maintain an action after that time has arrived, for non-payment, and then is entitled to recover the full amount, though his loss may be much less. Convenience is decidedly in favour of construing such agreements to be contracts for retaining as well as for the payment of wages" (x).

In this as in all other cases upon the construction of agreements, the question is, what, as may be gathered from the whole terms and tenor of the contract, was the intention of the parties. On the one hand, there may be cases in which the performance of the express obligation imposed upon one party presupposes an obligation upon the other party, which is not expressed. On the other hand, care must be taken not to introduce obligations upon either party, in respect of which the contract is intentionally silent, or which are contrary to its terms (y).

Intention of parties.

The following rules may, perhaps, help in construing such contracts : First.—The word "agreed" is the word of both, as was held in the case of *Pordage v. Cole* (z). Therefore, where it is agreed that a person shall do a particular thing, or perform a particular service, for a particular sum of money,

Effect of word "agreed."

(x) *Per* Parke, B., *Elderton v. Emmens*, 4 H. L. C. at p. 668 ; 13 C. B. at p. 532.

(y) See *per* Cockburn, C.J., *Churchward v. The Queen*, L. R. 1 Q. B. at p. 195.

(z) 1 Wms. Notes to Saund. 548.

this involves an obligation on the part of the other to allow him to do that which will enable him to earn his money. This was the foundation of the decision in *Elderton v. Emmens* (a). There it was agreed between the plaintiff and defendants (a public company) that the plaintiff, as attorney of the company, should receive a salary of 100*l.* per annum, in lieu of rendering his annual bill of costs, and should for such salary advise the company in all matters connected with their business, and attend upon them when required. At the end of three months they dismissed him, and refused to pay him more than 50*l.* The Court held that this agreement created the relation of attorney and client, and amounted to a promise to continue that relation at least for a year. Consequently that the agreement was broken by dismissal, and that an action might at once be brought for the damages accruing from it, without waiting till the end of the year.

Where service
is a mode for
paying a debt.

Secondly.—A similar obligation will be implied, when the object of the contract of service is to supply a means by which the person who is to pay for the service may discharge a previously existing debt, due to the person who is to render the service. For instance, S., the agent of an insurance company, was indebted to it, and the plaintiff discharged his debt. The company agreed to appoint him joint agent with S. at the same rates of payment as before, and covenanted that in case they displaced S. they would repay to the plaintiff the money he had paid. They subsequently transferred their business to another company, and refused to repay the plaintiff his money. The Court held that, as the object of the arrangement was to enable the plaintiff to repay himself through the sums to be received by S., there was an implied covenant that the company would do nothing of their own act which would put an end to the continuance of that service, without which the object of the arrangement could not be attained (b).

Where cove-
nants to serve
and pay are
independent.

Thirdly.—Where the agreement is that the plaintiff shall render certain specified services during a specified time, and

(a) 6 C. B. 160 ; 17 L. J. C. P. 307, affirmed in Dom. Proc. 13 C. B. 495 ; 4 H. L. C. 625.

(b) *Stirling v. Maitland*, 5 B. & S. 840 ; 34 L. J. Q. B. 1. See *McIntyre v. Belcher*, 14 C. B. N. S. 654 ; 32 L. J. C. P. 254 ; *Railway and Electric Appliances Co.*, 38 Ch. D. 597 ; 57 L. J. Ch. 1027.

that the defendant shall pay specified sums for these services, there may be circumstances to induce the Court to hold that the covenants on each side were intended to be independent. The result of such a construction would be that the defendant would be under no obligation to continue the employment, and could not be sued for dismissing the plaintiff from his service. On the other hand, the plaintiff would be entitled from time to time to sue for the stipulated sums, provided he continued ready and willing to perform the services, if permitted to do so. This was the point decided in *Aspdin v. Austin* (c) and *Dunn v. Sayles* (d). In each of those cases the services to be rendered extended over a period of several years, and the Court held that the defendant could not be supposed to have contracted to continue his business during the whole of that time, at any amount of loss or inconvenience to himself. Those cases have been severely observed upon; but it is submitted that the principle laid down is good law, though it may be open to doubt whether it was in each case rightly applied (e). The case of *Churchward v. The Queen* (f) appears precisely in point. There a contract had been entered into between the Crown and the plaintiff, for the conveyance of mails and certain similar services for a period of eleven years. The plaintiff was, during the whole of that period, to keep vessels ready to perform such services of the class stipulated for, as he might be required to perform, and was to be remunerated at the rate of 18,000*l.* per annum, by quarterly payments to be made out of moneys to be provided by Parliament. The contractor was admittedly ready and willing to perform the services, but before the expiration of the term Parliament refused to provide the money. A petition of right was preferred. It was admitted that it could not be shaped in the form of an action for the money, as it would have been necessary to aver that there were funds provided.

*Churchward
v. The Queen.*

(c) 5 Q. B. 671.

(d) 5 Q. B. 685.

(e) See for remarks against them, *per* Willes, J., and Erle, C.J., *M'Intyre v. Belcher*, 14 C. B. N. S. 654; 32 L. J. C. P. 254; and *per* Crompton, J., and Erle, C.J., in *Elderton v. Emmens*, 4 H. L. C. 647, 656. On the other hand, they were treated as good law by Maule, J., and Parke, B., 4 H. L. C. 661 and 669; by Cockburn, C.J., and Shée, J., in *Churchward v. The Queen*, L. R. 1 Q. B. 191, 208; and by Rolfe, B., in *Pilkington v. Scott*, 15 M. & W. 657.

(f) L. R. 1 Q. B. 173.

It was, therefore, put in the form of an action for refusing to employ the contractor, and for preventing him from carrying the mails and earning the money. The Court held that there was no express covenant to employ the contractor, and that there was no reason to imply such a covenant, as his remuneration did not depend upon his being employed, but upon his being ready and willing to be employed. It would have been different if his remuneration had depended on the number of mails to be conveyed, instead of being a fixed quarterly sum. The result was, that if there had not been the provision making payment depend upon funds provided by Parliament, the contractor would have been entitled to present his bill quarterly till the end of the contract, though he was never once employed, provided he could show that he was always ready to perform the services if required.

Agreement to supply work not always implied.

Fourthly.—An agreement to retain and employ does not involve an undertaking to supply work, unless such an undertaking is expressly contained in, or must be necessarily inferred from the whole of the terms. For instance, the retainer of a doctor or a solicitor or an actor, at a salary, does not involve any obligation upon the contracting party to do more than pay the salary; he is not bound to have work for the other to do, nor even to give him the work, if he has it (*g*). But if A. is bound for a specified term to work exclusively for B., and is to be paid by wages estimated with reference to his work, or if B. has undertaken to employ him on such terms for a definite period, this involves an obligation to find him work by which he may earn his wages. And the inference would be stronger if the contract contained a stipulation that B. might dismiss A. by giving him a specified length of notice (*h*). Accordingly, until notice or dismissal, A. would be entitled to the wages he had earned, or might reasonably have earned, if allowed to do so. Upon notice he would be entitled to similar wages till the expiration of the term. Upon dismissal without notice, he

(*g*) *Per Parkc, B., Elderton v. Emmens*, 6 C. B. 160 : 4 H. L. C. 625 ; 16 C. B. 495.

(*h*) *Pilkington v. Scott*, 15 M. & W. 657 : *Reg. v. Welch*, 22 L. J. M. C. 145 ; 2 E. & B. 357 : *Whittle v. Frankland*, 2 B. & S. 49 ; 31 L. J. M. C. 81. See, too, *per Cockburn, C. J., Churchward v. The Queen*, L. R. 1 Q. B. 195, 197 ; *per Shee, J., ibid.* p. 207 : *Turner v. Goldsmith*, [1891] 1 Q. B. 544 ; 60 L. J. Q. B. 247.

would be entitled to recover damages for wrongful dismissal upon the usual principles. But where the employment is not exclusive, and the agreement is merely that A. shall do such work as B. may offer him, at a stipulated rate, this implies no obligation on B. to offer any work, or to continue the business out of which such work could arise (i).

An agreement to pay a salary of so much per annum is merely a yearly hiring, at so much per annum while the service lasts (j).

Where there is a contract to employ for a defined time, and the servant has been dismissed without just cause, he may sue specially on the contract to employ him : and this action may be commenced at once upon the dismissal (k). And where the service is to commence on a future day, and before the arrival of that day the employer positively renounces the covenant, even without doing anything to incapacitate himself from performing it at the appointed day, the servant may sue at once. And the jury, in assessing the damages, would be justified at looking at all that had happened or was likely to happen, to increase or mitigate the loss of the plaintiff down to the day of trial (l). By bringing this action the plaintiff treats the covenant to hire as still existing, and may recover damages upon it for the period of service up to dismissal ; and therefore if the jury do not give damages for such time, he cannot bring *indebitatus assumpsit* afterwards (m).

Remedy for improper dismissal.

In such a case, however, though the contract is treated as subsisting for the purpose of suing upon it, it cannot be taken to subsist for any ulterior or collateral purpose. The plaintiff was engaged to superintend mines in America for three years, with a stipulation that he should not be dismissed without a year's notice, or a year's salary, and that if he stayed at the mines three years, he should have the expenses of the return of his family defrayed. He was dismissed in eighteen

Contract does not subsist for any collateral purpose.

(i) *Burton v. G. N. Ry.* (b., 9 Exch. 507 ; 23 L. J. Ex. 184 : *Rhodes v. Furwood*, 1 App. Ca. 256.

(j) *Elderton v. Emmens*, 6 C. B. at p. 175.

(k) *Pagani v. Gandolphi*, 2 C. & P. 370.

(l) *Hochster v. De Latour*, 2 E. & B. 678 : *Churchward v. The Queen*, L. R. 1 Q. B. pp. 204, 208 : *Frost v. Knight*, L. R. 7 Ex. 111 ; 41 L. J. Ex. 78, in Ex. Ch. : *Brace v. Calder*, [1895] 2 Q. B. 253 ; 64 L. J. Q. B. 582.

(m) *Goodman v. Pocock*, 13 Q. B. 576.

Measure of
damages.

months after his arrival, without either a year's notice or salary. It was held, that although the contract had not been determined, in the only mode agreed on, it could not be considered as subsisting for the whole time originally contemplated, so as to entitle him to his third year's salary, and the expenses of his family on their return (*n*).

The measure of damages in this action is the actual loss incurred, which may be much less than the wages for the unexpired period of service, where another employment may be easily obtained (*o*), and which will vanish where the plaintiff has immediately passed into another employment on equally good terms (*p*). Where, on a yearly hiring, the plaintiff is dismissed before the termination of the engagement, he is generally given his salary up to the end of the current year (*q*). Where the contract was for two years, with a fixed salary and half profits, and the plaintiff was dismissed at the end of four months and a half, the jury gave him a year's salary, and his share of the profits for twelve months, which was held not to be excessive (*r*). No allowance can be made in the nature of *pretium affectionis*, nor any reference to any pain that might be felt by the plaintiff, on the ground that he was attached to the place (*s*).

A right of action for this cause passes to assignees in bankruptcy, since the injury to the personal estate is the primary and substantial cause of action (*t*).

On the other hand, the plaintiff may treat the contract as rescinded, and sue at once for the time he has actually served. In this form of action he cannot recover anything more than

(*n*) *French v. Brookes*, 6 Bingh. 354.

(*o*) *Elderton v. Emmens*, 6 C. B. 178 ; 13 C. B. 495 ; 4 H. L. Ca. 625 ; *Goodman v. Pocock*, 15 Q. B. 583, *per* Erle, J.

(*p*) *Reid v. Explosives Co.*, 19 Q. B. D. 264 ; 56 L. J. Q. B. 388.

(*q*) *Beaton v. Collyer*, 4 Bingh. 302 ; *Down v. Pinto*, 9 Exch. 327.

(*r*) *Smith v. Thompson*, 8 C. B. 44. In winding up companies, the compensation to managers engaged for a term has been calculated upon the principle of ascertaining the present value of an annuity of a sum equal to the full salary for the unexpired term, having regard to the risk to health and life, and making a deduction for the liberty of obtaining fresh appointments : *Yelland's Case*, L. R. 4 Eq. 350 ; *Ex parte Clark*, L. R. 7 Eq. 550.

(*s*) *Per* Erle, C.J., *Beckham v. Drake*, 2 H. L. Ca. 607.

(*t*) *Drake v. Beckham*, 11 M. & W. 315 ; 2 H. L. Ca. 579 ; reversing *Beckham v. Drake*, 8 M. & W. 846.

wages for such time (*u*). And under non-assumpsit, the defendant may give in evidence the worthlessness of his services, and the jury may give damages accordingly (*x*).

It has been held that a servant improperly dismissed in the middle of his time, might wait till the period had expired, and then sue in *indebitatus assumpsit* for the whole period, on the doctrine of constructive service (*y*). That doctrine, however, after being severely commented upon in *Smith v. Hayward* (*z*), seems to have been tacitly overruled by the Exchequer Chamber in *Elderton v. Emmens* (*a*), and expressly by Patteson, J., and Erle, J., in *Goodman v. Pocock* (*b*). The two alternatives previously mentioned are therefore the only ones open.

Doctrine of constructive service.

In the case of menial servants, usage has established the right to dismiss them at any time by giving them a month's notice or a month's wages (*c*). A head-gardener, living within the demesne, at a salary of 100*l.* a-year, was held to be a menial within this rule (*d*), and so was a huntsman, though hired at yearly wages, and with the right to receive perquisites which could not be fully received till the end of the year (*e*); but not a warehouseman (*f*), nor a clerk (*g*), nor a governess (*h*).

Menial servants.

Where a menial, or other person, whose service is of this nature, viz., determinable by a month's notice or wages, is dismissed without either, the declaration must be special, for not giving notice (*i*). This, however, is quite different from the case of a contract to employ for a specific time, and a breach of it by improper dismissal. In the latter case, as we

Actions for dismissing without due notice.

(*u*) *Archard v. Hornor*, 3 C. & P. 349; *Smith v. Hayward*, 7 A. & E. 544; *Brozham v. Wagstaffe*, 5 Jur. 845.

(*x*) *Baillie v. Krell*, 4 Bingham N. C. 638.

(*y*) *Gandell v. Pontigny*, 4 Camp. 375; *Collins v. Price*, 5 Bing. 132; *Smith v. Kingsford*, 3 Sco. 279.

(*z*) 7 A. & E. 544.

(*a*) 6 C. B. 160, 178; 4 H. L. C. 625.

(*b*) 15 Q. B. 576. See 2 Sm. L. C. 47, 10th ed.

(*c*) *Brozham v. Wagstaffe*, 5 Jur. 845.

(*d*) *Noulan v. Ablett*, 2 C. M. & R. 54.

(*e*) *Nicoll v. Greaves*, 17 C. B. N. S. 27; 33 L. J. C. P. 259.

(*f*) *Fawcett v. Cash*, 5 B. & Ad. 904.

(*g*) *Fairman v. Oakford*, 5 H. & N. 635; 29 L. J. Ex. 459; *Beeston v. Collyer*, 4 Bingham. 309.

(*h*) *Todd v. Kerrich*, 8 Exch. 151; 22 L. J. Ex. 1.

(*i*) *Fewings v. Tisdal*, 1 Exch. 295; overruling *Eardley v. Price*, 2 B. & P. N. R. 333.

have seen (*k*), the declaration must be for breach of the entire agreement to hire, and damages must be given, not only for the time which has been served, but for that which has not. But in the former case the declaration is only for breach of the particular point as to notice. The damages for this are liquidated, viz., one month's wages (*l*) ; and the plaintiff may either recover in a separate count, or a separate action, for the bygone service (*m*).

The following decision appears to graft an exception upon the above rule. A boy was bound apprentice for four years, the defendant covenanting to instruct him and supply him with board and lodging for that term. The deed provided that if the plaintiff showed a want of interest in his work, the defendant might cancel the deed on giving him a week's notice. The defendant summarily dismissed the plaintiff without notice, alleging as his reason for doing so that he had been guilty of frequent acts of insubordination, and had gone out at night without permission. The jury found that these charges were untrue, and that no ground existed for dismissing him without notice, but that he might properly have been dismissed at a week's notice under the special clause. It was held that damages were not limited to the value of one week's instruction and residence, but that as the defendant had not acted under the notice clause, the jury were entitled to give reasonable damages, taking into consideration, on one hand, the loss the plaintiff might suffer from the injury to his character arising out of the unfounded charges alleged ; and, on the other hand, that he could have been lawfully dismissed on a week's notice (*n*).

The usage among servants, familiarly spoken of as "going at their month," has not yet obtained such recognition as to dispense with the necessity for proving its existence, but such a usage if proved is not unreasonable (*o*). The usage treats

(*k*) *Ante*, p. 237.

(*l*) *Fewings v. Tisdal* : *French v. Brookes*, 6 Bingh. 354. This is in addition to the wages accruing up to time of dismissal : but nothing can be recovered for the loss of board and lodging during the month. *Per Hill, J.*, *Gordon v. Potter*, 1 F. & F. 644.

(*m*) *Hartley v. Harman*, 11 A. & E. 798 ; affirmed *Goodman v. Pocock*, 15 Q. B. 580.

(*n*) *Maw v. Jones*, 25 Q. B. D. 107 ; 59 L. J. Q. B. 542.

(*o*) *Moult v. Halliday*, [1898] 1 Q. B. 125 ; 67 L. J. Q. B. 451.

the first month as an engagement on trial, which may be terminated on the part of either master or servant, by notice given at the end of the first fortnight that the trial is unsatisfactory.

There can be no doubt that the act of a servant, who leaves service without giving proper notice, is actionable as a breach of contract (*p*). And if the service is terminated before the next month's wages are due, no claim could be made in respect of the broken period (*q*). The popular notion that a master has a right, *mero motu*, to stop a month's wages from any money due to the servant at the time of such wrongful departure, does not rest upon any decided case.

The confidence necessarily reposed by a master in his servant implies a contract that such confidence shall not be betrayed. Breaches of confidence, such as copying out trade receipts, lists of customers, or the like, will be punishable by damages, as well as by injunction (*r*).

By the Apportionment Act, 1870 (33 & 34 Vict. c. 35), salaries have been made apportionable (*s*).

Salary now
apportionable
by statute.

(*p*) *Bowes v. Press*, [1894] 1 Q. B. 202; 63 L. J. Q. B. 165.

(*q*) *Ante*, p. 231.

(*r*) *Robb v. Green*, [1895] 2 Q. B. 315.

(*s*) See sections 1 and 2, cited at length, *post*, p. 269. By s. 5 the word "annuities" includes salaries and pensions. Salaries had been held not to come within the Apportionment Act, 4 & 5 Will. IV. c. 22, s. 2: *Lovndes v. Earl of Stamford and Warrington*, 18 Q. B. 425; 21 L. J. Q. B. 371.

CHAPTER VII.

DEBT.

Damages in
debt nominal
in general.

THE damages in an action for the recovery of a debt are in general merely nominal for its detention (*a*), though the jury may give substantial damages if they think fit (*b*). In some cases, however, the damages for detention may form a very important part of the claim; as, for instance, in debt on a mortgage deed, where the principal and interest are to be paid on a given day, the interest after that day can only be recovered as damages (*c*). Accordingly a defence which only answers the debt, and not the damages, is bad (*d*).

Interest.

We have seen in what cases interest is given as a matter of law (*e*). And by 3 & 4 W. IV. c. 42, s. 28, upon all debts payable at a certain time or otherwise, the jury may, if they think fit, give the current interest as damages from the time of payment, if payable by written agreement at a certain time; if otherwise, then from demand of payment in writing, if notice is given that interest would be claimed (*f*).

Nominal
damages.

The right to nominal damages was generally discussed in cases, before the County Court and Judicature Acts, where the costs of the action depended upon the result. It was held that where a plaintiff had actually received payment of the debt, he could not commence an action for nominal damages (*g*), and

(*a*) *Wilde v. Clarkson*, 6 T. R. 304.

(*b*) *Per* Lord Abinger, C.B., *Henry v. Earl*, 8 M. & W. 233.

(*c*) *Ante*, p. 166.

(*d*) *Lowe v. Steele*, 15 M. & W. 380: *Ash v. Poupperville*, L. R. 3 Q. B. 86; 37 L. J. Q. B. 55. As a matter of mere pleading damages are now deemed to be put in issue unless expressly admitted. O. 21, R. 4.

(*e*) *Ante*, p. 161.

(*f*) See *ante*, p. 169.

(*g*) *Beaumont v. Greathead*, 2 C. B. 494; and see *per* Willes, J., *Tetley v. Wanless*, L. R. 2 Ex. at p. 280; 36 L. J. Ex. Ch. 156.

that if he meant to demand further damages as interest, he ought not to receive the principal (*h*). But when he had commenced an action, if the debt were paid during the course of it, he might proceed for nominal damages to entitle him to costs (*i*). And in such a case the verdict was entered for the whole sum due and paid since action brought, with 1*s.* damages, and if execution was issued for more than the 1*s.* damages and costs, the defendant's course was to apply to the Court for relief (*k*).

But where the payment had been made after action, and the plaintiff had either waived or accepted damages for its detention, he could have no further claim for damages, and could not proceed for costs, which only arise out of damages. An action was brought on a cheque for 25*l.* Defendant after action commenced paid the amount, and offered 1*l.* for expenses, which plaintiff refused, saying he would pay them himself. Held, that the jury was right in entering verdict for defendant when the action was continued (*l*). Lord Denman seems to have put this on the ground that after the debt was paid, the plaintiff could not proceed for merely nominal damages. This, however, is contrary to *Nosotti v. Page*. It would seem that the real ground of the decision was, that the sum was accepted in satisfaction, not only of the debt, but of all damages and costs arising from its detention, as will be seen from the argument and observations of Erle, J. (*m*). Consequently, there were no damages to proceed for.

Cases of payment after action brought.

Action for 20*l.* for use and occupation : pleas, 1st, except as to 12*l.* *nunquam indebitatus* ; 2nd, as to 11*l.* parcel of the 12*l.*, in bar of further maintenance, payment of 11*l.*, after writ and before declaration, in satisfaction thereof and all causes of action in respect thereof ; 3rd, as to 1*l.* payment into court. Plaintiff joined issue on 1st and 2nd pleas, and took money out of court on 3rd. It appeared on trial that the debt had

(*h*) *Dixon v. Parkes*, 1 Esp. 110.

(*i*) *Nosotti v. Page*, 10 C. B. 643 : *Goodwin v. Cremer*, 18 Q. B. 757 : *Kemp v. Balls*, 10 Ex. 607.

(*k*) *Nosotti v. Page*, 10 C. B. 643.

(*l*) *Thame v. Boast*, 12 Q. B. 808.

(*m*) *Ib.*, at p. 813 ; and in *Goodwin v. Cremer*, 18 Q. B., at p. 761. See also as to its being a question of fact whether the payment is made on account of the debt only, or of debt and damages, *per* Willes, J., in *Tetley v. Wanless*, L. R. 2 Ex. at p. 280 ; 36 L. J. Ex. at p. 156 in Ex. Ch.

never exceeded 12*l.*, and that after the writ had issued, but before plaintiff or defendant knew of it, plaintiff received the 11*l.* mentioned in 2nd plea. Plaintiff contended, that as he did not know that costs had been incurred, he could not have received the 11*l.* in satisfaction of the causes of action, one of which was the costs to which he was not aware that he was entitled. The judge directed 1*s.* damages to be entered. Held wrong. As to 1st plea, the verdict plainly ought to be entered for the defendant. As to 2nd, the evidence proved that he had accepted 11*l.* in satisfaction of it. And as to the costs arising from the action to recover it, these were exactly the same costs as the plaintiff was entitled to recover on taking the money out of Court. Consequently, no more damages could be recovered under the 2nd count than those which were actually paid for under the 3rd count. Verdict was entered on the general issue for defendant; damages were struck out, and postea to defendant (*n*). This decision seems to have gone on the ground that the only damage caused by the detention of the 11*l.* was the cost of suing for it. If so, as such cost was received by the plaintiff on the 3rd plea (*o*), the damage was exhausted, and there was no further cause of action. But it seems pretty clear that there was a nominal damage caused by the detention, for which, when the action *had once commenced*, the plaintiff could continue it (*p*), unless this damage had itself been satisfied by the payment of 11*l.*, as in *Thame v. Boast*. This was quite distinct from the costs of suit. Perhaps, however, the explanation is, that such nominal damage was only a fiction, maintained to enable the plaintiff to get his costs; and as these were provided for under the 3rd count, the result of maintaining the fiction would have been to give him the costs of carrying out an action beyond its necessary limits.

In a later case the action was for goods sold. Plea, except as to 22*l.* 8*s.* 3*d.* never indebted, and as to that sum payment after action brought of 22*l.* 8*s.* 3*d.* to the plaintiff, who accepted it in satisfaction of the said claim of 22*l.* 8*s.* 3*d.*, and of all damages accrued in respect thereof. At the trial the plaintiff offered no evidence on the first issue, and defendant

(*n*) *Horner v. Denham*, 12 Q. B. 813, n.

(*o*) *Rumbelow v. Whalley*, 16 Q. B. 397.

(*p*) *Nisotti v. Page*, 10 C. B. 643.

proved payment of the sum alleged to the plaintiff, who accepted it, no mention being made of costs. The judge was of opinion that the plaintiff ought to have confessed the plea, and taken his costs under Reg. Gen. T. T. 1853, pl. 22, and ordered a verdict for the defendant, with leave to move to enter nominal damages. The Court held, that the plaintiff was entitled to judgment in his favour, for that the plea was not proved, unless the defendant showed, either that the plaintiff consented to accept the 22l. 8s. 3d. in satisfaction of the debt, damages, and costs, or that the costs were paid. Bramwell, B., said, "The case of *Beaumont v. Greathead* merely amounts to this, that nominal damages are inappreciable when they do not increase the actual claim. In the case of *Thame v. Boast*, all that the Court decided was, that, in point of fact, the money was paid and received in satisfaction of both debt and damages, and the question was not discussed whether it could be a satisfaction in point of law" (q). It is curious that *Horne v. Denham* was not cited on either side, as it seems exactly in point. There the Court seem to have thought, as the judge did here, that as all the costs incurred by the plaintiff at the time the payment was made, were offered to him by the plea, he had no right to go on, unless he claimed something more than merely these costs.

In a later case in an action of debt, the defendant pleaded to the further maintenance of the action a composition deed executed by a statutory majority of his creditors under the Bankruptcy Act, 1861, containing a release of "all actions, suits, debts, claims, or demands," which the creditors had or had had against the defendant, and an acceptance of the stipulated composition in full satisfaction of the several sums of money owing to them. The action was commenced before the execution of the deed. A verdict having been entered for the defendant, and a rule to enter it for the plaintiff and for judgment *non obstante veredicto* having been discharged by the Court of Exchequer, it was argued in the Exchequer Chamber that the effect of a release after action brought of a debt which was the cause of action was only to discharge the debt itself, subject to the creditor's right to go on with the action to obtain

Release after
action
brought.

(q) *Cook v. Hopewell*, 11 Exch. 555, 559.

a judgment for nominal damages to which judgment the law would annex costs. The Court of Exchequer Chamber gave judgment for the defendant, considering that the release being of all "actions, suits, debts, claims, or demands," the debt and action were both gone (*r*).

Tender. As a plea of tender alleges that the defendant has been ready to pay at all times, if the plea is found for the defendant, the plaintiff cannot obtain any damages, because there has been no detention of the debt (*s*).

Penalty. As to damages in debt for a penalty given by statute, see *ante*, p. 2.

Liquidated damages. As to the cases in which a penalty may be recovered as liquidated damages, see *ante*, p. 148.

Provisions of Statute 8 & 9 W. III. c. 11. In debt upon a bond for performance of covenants, conditions, &c., the plaintiff formerly not only had judgment, but was entitled to take out execution for the whole penalty, together with his costs, without any regard to the amount of damage he had suffered (*t*).

Relief against penalty in bond. But by 8 & 9 W. III. c. 11, s. 8 (*u*), which is still unrepealed, it is enacted, that in all actions in any court of record upon any bond, or on any penal sum, for non-performance of any covenants or agreements, contained in any indenture, deed, or writing, the plaintiff may assign as many breaches as he shall think fit; and the jury shall assess not only such damages and costs as were theretofore usually done, but also damages for such of the breaches as the plaintiff shall prove to have been broken, and the like judgment shall be entered on such verdict as theretofore was usually done. And if judgment shall be given for the plaintiff on demurrer, or by confession, or nil dicit, the plaintiff may suggest on the roll as many breaches as he shall think fit, which shall be inquired into by

(*r*) *Tetley v. Wanless*, L. R. 2 Ex. 21; 36 L. J. Ex. 25; affirmed L. R. 2 Ex. 275; 36 L. J. Ex. 153. The plea was, in the first instance, pleaded in bar, but the Court of Exchequer amended it by making it a plea to the further maintenance of the action.

(*s*) *Cutlers' Co. v. Hurler*, Comb. 224; 1 W. Saund. 33 d; 1 Wms. Notes to Saund. 42.

(*t*) 1 W. Saund. 57, n. 1; 1 Wms. Notes to Saund. 67, n. 1.

(*u*) See as to the operation of this enactment, *per* Bramwell, B., *Betts v. Burch*, 4 H. & N. 506; 28 L. J. Ex. 267, where he pointed out, that it was under this statute that a Court of Common Law was able to relieve against a penalty.

a jury summoned to appear before the sheriff (*x*). After the damages assessed and costs have been satisfied, either before or after execution, a stay of execution is to be entered on the record; but the judgment shall notwithstanding remain as a further security for future breaches.

This statute is compulsory in all cases to which it applies. Therefore when the plaintiff has judgment on verdict, or by default, he must have the damages assessed by a jury (*y*). Statute is compulsory.

"The like judgment," however, "shall be entered on such verdict as heretofore hath been done." Therefore, at the trial, the jury must find a verdict for the plaintiff with 1*s.* damages and 40*s.* costs, as before. And the judgment is to recover the debt, *i.e.* the penalty, and 1*s.* damages, for detention, and 40*s.* costs; together with the costs of increase, which include of course the costs of trial (*z*). How judgment to be entered.

Where breaches are assigned, whether before or after defence, the jury who try the cause may assess the damages without a special venire ad inquirendum. But where they are suggested, a special venire is necessary (*a*).

According to the practice as established before the Judicature Acts the plaintiff had the option of the following alternatives:— Mode of suing for breach of covenant.

He might state the condition of the bond in his declaration and assign several breaches under the statute.

He might declare on the bond generally. In this case, if defendant suffered judgment by confession or nil dicit, or the plaintiff had judgment on demurrer, breaches might be suggested.

(*x*) 3 & 4 W. IV. c. 42, s. 16.

(*y*) *Drage v. Brand*, 2 Wils. 377; *Hardy v. Bern*, 5 T. R. 540, 636; *Roles v. Rosewell*, 5 T. R. 538; *Walcot v. Goulding*, 8 T. R. 126; overruling *Walker v. Priestley*, Com. Rep. 376; *Dry v. Bond*, Bull. N. P. 164. The provisions of the statute cannot be waived by agreement between the parties: *Montgomery v. Byrne*, 2 Ir. C. L. R. 230.

(*z*) 1 W. Saund. 58, *d*; 1 Wms. Notes to Saund. 75. The writ of execution, if sued out, must be for the entire penalty, damages, and costs; but it must be endorsed to levy only the damages assessed for the breaches, the costs found by the jury, and the costs of increase, and the costs of execution. If the damages assessed and the charge of execution exceed the penalty of the bond, the execution must be only for the amount of the penalty and costs of increase. 1 W. Saund. 58, *c*; 1 Wms. Notes to Saund. 77; 1 Chitty's Arch. Pr. 611, 12th ed.

(*a*) *Parkins v. Hauckshaw*, 2 St. 381; *Quin v. King*, 1 M. & W. 42; *Scott v. Staley*, 4 B. N. C. 724.

If the defendant pleaded to the declaration : if his plea was one to which the plaintiff might reply at common law, without assigning breaches, as *non est factum*, *covin*, he might do so, and enter a distinct and separate suggestion of breaches under the statute, whether before or after judgment (*b*) ; but he could not join an issue to a plea, and a fresh suggestion in the same replication (*c*).

If the defendant pleaded so that the plaintiff must have assigned a breach at common law, *e.g.*, general performance, the plaintiff was bound to assign breaches, but might by virtue of the statute assign several (*d*).

Where the plaintiff did not assign damages at first, and the defendant, setting out the conditions, pleaded performance to part and excuse for the residue ; then as to the part of the condition as to which performance was pleaded, the plaintiff might assign one or more breaches ; but as to the part of which performance was not pleaded, but was excused, a suggestion was necessary. If the matter of excuse was traversed, then there was no assignment but a suggestion of breaches, the truth of which, without any issue, was tried with a view to ascertain the amount of damages if the issue on the traverse should be found for the plaintiff, otherwise not (*e*).

By Order 13, Rule 14, where a writ is specially endorsed with a claim on a bond within the statute, and the defendant fails to appear, no statement of claim is to be delivered, but the plaintiff is to deliver a suggestion of breaches and proceed as mentioned in the statute, and in 3 & 4 W. IV. c. 42, s. 16. This latter statute provides for trial before a sheriff instead of before justices of assize or *nisi prius*.

By Order 22, Rule 1, a defendant may pay money into Court to particular breaches, but not to the whole action.

In other respects there is nothing in the new rules which is inconsistent with a substantial continuance of the old practice, though the old forms of pleading are discontinued, and the plaintiff still has the option, which he had before the Judicature

(*b*) *Ettersey v. Jackson*, 8 T. R. 255 : *Homfray v. Rigby*, 5 M. & S. 60.

(*c*) *De la Rue v. Stewart*, 2 B. & P. N. R. 362.

(*d*) *Plomer v. Ross*, 5 Taunt. 386.

(*e*) *Per Parke, B., Webb v. James*, 8 M. & W. 645, 658. See 2 W. Saundl. 187, *a*, *et seq.*

Acts, of proceeding in the first instance for the whole penalty under the bond without mentioning the conditions, reserving his assignment of breaches till after the defence, or of assigning them in his statement of claim. The latter is the most convenient course.

The statute extends to all bonds and deeds for the performance of covenants or payment of money, which are of a divisible nature and capable of only a partial breach; or from the violation of which, only part of the damage guarded against may arise. It includes, therefore, bonds for the payment of money by instalments (*f*); for the payment of an annuity (*g*); for the performance of an award (*h*); and where a bond is conditioned for the payment of a single sum, and also for the performance of other covenants, breaches must be assigned, though the action is merely brought to recover the single sum, for which purpose it is like a common money bond (*i*): for in all such cases, as the plaintiff would have been entitled at law to issue execution to the full amount of his judgment, the defendant would have been forced to an expensive remedy in equity.

To what cases the statute extends.

And it applies equally whether the covenants, &c., are contained in the same deed or writing, or in a different one (*k*).

The statute does not extend to bail-bonds (*l*), nor replevin bonds (*m*), because the Court can give such relief as a Court of Equity could, and the form of the bond ascertains the value of the thing which it is taken to secure (*n*); nor to money bonds for payment of a sum certain at a day certain, against which the Court can relieve on payment of the money due, by 4 Ann. c. 16, s. 13 (*o*); nor to post obit bonds (*p*); nor to bonds for payment of interest and principal, where both have

When it does not apply.

(*f*) *Willoughby v. Swinton*, 6 East, 550: *Harrington v. Coxe*, 3 Ir. C. L. 87.

(*g*) *Walcot v. Goulding*, 8 T. R. 126: *Ryan v. Massy*, 2 Ir. C. L. 642.

(*h*) *Welch v. Ireland*, 6 East, 613.

(*i*) *Quin v. King*, 1 M. & W. 42.

(*k*) 1 W. Saund. 58, n. 1; 1 Wms. Notes to Saund. 68.

(*l*) *Moody v. Pheasant*, 2 B. & P. 446.

(*m*) *Middleton v. Bryan*, 3 M. & S. 155. See *Dix v. Groom*, 5 Ex. D. 91.

(*n*) *Ibid.*; 10 Bingh. 131, *per* Tindal, C. J. See now as to replevin bonds, 19 & 20 Vict. c. 108, ss. 63 *seqq.*, the C. L. P. Act, 1860, 23 & 24 Vict. c. 126, s. 22, and the County Courts Act, 1888, 51 & 52 Vict. c. 43, ss. 135, 136.

(*o*) *Murray v. E. of Stair*, 2 B. & C. 90, 92.

(*p*) *Ibid.*: *Cardozo v. Hardy*, 2 B. Moore. 220.

Cases to which the statute applies.

become due (*q*) ; even though the money became payable in consequence of certain provisions in an indenture of even date, *provided* that by the course of pleading the jury have found that the money had become payable (*r*) ; nor to bonds for payment of principal and interest, with proviso that on default in paying the interest, the whole amount of principal and interest should become due (*s*). But where the bond is for payment of principal on a future day, and interest in the meantime, and the bond becomes forfeited before the day by a default in the interest, the statute applies (*t*). It does not extend to judgment entered upon a warrant of attorney to secure a sum by instalments ; though the Court, if necessary, would direct an issue to inquire whether the instalments had been paid (*u*) ; or to secure an annuity (*x*) ; because in such a case, if execution were issued for more than the arrears due, "the Court would have set it aside, or in case of any mistake have referred it to their officer, or if necessary to a jury, to say for what sum the execution ought to stand" (*y*). And the rule is the same where the warrant of attorney is collateral security for a bond for the same purpose (*z*). But where a bond was nominally absolute for payment of a particular sum, but by indenture of same date reciting the bond, it was agreed that it should stand as security for all sums of money which then were, or might afterwards become, due from the obligor or the bond ; this was held to be a mere evasion of the statute, and that an assignment of breaches was necessary (*a*).

It is not necessary for the Crown to assign breaches under this statute, and if any one breach is proved it is entitled to judgment (*b*).

No more than amount of penalty and costs can be recovered on a bond.

On the whole current of authorities, it appears that no more than the amount of penalty and costs can be recovered on a bond ; because the penalty ascertains the damages by consent

(*q*) *Smith v. Bond*, 10 Bingham, 125.

(*r*) *Ibid.* : *Darbishire v. Butler*, 5 B. Moore, 198.

(*s*) *James v. Thomas*, 5 B. & Ad. 40.

(*t*) *Tighe v. Crafter*, 2 Taunt. 387 : *Vansandau v. —*, 1 B. & A. 214.

(*u*) *Cox v. Rodbard*, 3 Taunt. 74 : *Kinneraley v. Mussen*, 5 Taunt. 264.

(*x*) *Shaw v. Marg. Worcester*, 6 Bingham, 385.

(*y*) *Per Tindal, C.J., ibid.* 389.

(*z*) *Austerbury v. Morgan*, 2 Taunt. 195.

(*a*) *Hurst v. Jennings*, 5 B. & C. 650.

(*b*) *Per Alexander, C.B., R. v. Peto*, 1 Y. & J. 171.

of the parties (c); and upon payment of the penalty and costs the Court will order satisfaction to be acknowledged (d). Where the debt and the penalty were the same sum, and the bond was stated to be for the payment of the debt with lawful interest, Littledale, J., ruled that interest might be given beyond the penalty, as damages for the detention, on the ground that it was expressly provided that the debt should bear interest (e). Here the express agreement negatived the presumption that the parties intended to fix the penalty as the amount of ultimate damage to be recovered.

But where the penalty is contained in any other instrument than a bond, it is optional for the plaintiff, either to sue in debt for the penalty, or to proceed upon the contract, and recover more or less than the penalty, *toties quoties* (f); and accordingly greater damages than the amount of the penalty have been recovered in actions on charter-party (g).

When plaintiff is not forced to sue for penalty.

Of course where the sum named is not a penalty but liquidated damages, the statute does not apply. In such a case the amount is not discretionary. It is of the substance of the agreement; a jury cannot assess damages where the parties themselves have fixed them (h).

Liquidated damages.

Where an action is brought in England, to recover the value of a given sum in a foreign currency, upon a judgment obtained abroad, the value is that sum in sterling money which the currency would have produced, according to the rate of exchange between the foreign country and England at the date of the former judgment (i).

Value of sum in foreign currency.

(c) *White v. Sealey*, Dougl. 49.

(d) *Ibid.*: *Brangwin v. Perrot*, 2 W. Bl. 1190; *Wilde v. Clarkson*, 6 T. R. 303; overruling *Lord Lonsdale v. Church*, 2 T. R. 388; *Clarke v. Seton*, 5 Ves. 415; *McClure v. Dunkin*, 1 East, 436-8; *Hellen v. Ardley*, 3 C. & P. 12.

(e) *Francis v. Wilson*, Ry. & M. 105.

(f) *Per* Lord Mansfield, *Lowe v. Peers*, 4 Burr. 2228.

(g) *Winter v. Trimmer*, 1 W. Bl. 395; *Harrison v. Wright*, 13 East, 343; *Maylam v. Norris*, 2 D. & L. 829.

(h) *Lowe v. Peers*, 4 Burr. 2229; *Barton v. Glorrr*, Holt, N. P. C. 43; *ante*, pp. 147 *et seq.*; 1 W. Saund. 58, c; 1 Wms. Notes to Saund. 74.

(i) *Scott v. Beran*, 2 B. & Ad. 78. See as to the principles applicable when a plaintiff sues a defendant in England for an account upon a contract to pay in a foreign currency, *Manners v. Pearson*, [1898] 1 Ch. 581; 67 L. J. Q. B. 304.

CHAPTER VIII.

BILLS OF EXCHANGE AND PROMISSORY NOTES.

Damages
under Bills of
Exchange
Act.

THE Bills of Exchange Act, 1882 (*a*), having been passed to codify the law relating to Bills of Exchange, it will be convenient to commence this chapter with its enactment as to damages. Section 57 is as follows :—

Where a bill is dishonoured the measure of damages, which shall be deemed to be liquidated damages, shall be as follows :—

- (1.) The holder may recover from any party liable on the bill, and the drawer who has been compelled to pay the bill may recover from the acceptor, and an indorser who has been compelled to pay the bill may recover from the acceptor, or from a prior indorser—
 - (*a.*) The amount of the bill :
 - (*b.*) Interest thereon from the time of presentment for payment if the bill is payable on demand, and from the maturity of the bill in any other case :
 - (*c.*) The expenses of noting, or when protest is necessary, and the protest has been extended, the expenses of protest.
- (2.) In the case of a bill which has been dishonoured abroad, in lieu of the above damages, the holder may recover from the drawer or an indorser, and the drawer or an indorser who has been compelled to pay the bill may recover from any party liable to him, the amount of the re-exchange with interest thereon until the time of payment.
- (3.) Where by this Act interest may be recovered as damages, such interest may, if justice require it, be withheld,

(*a*) 45 & 46 Vict. c. 61.

wholly or in part, and where a bill is expressed to be payable with interest at a given rate, interest as damages may or may not be given at the same rate as interest proper.

Section 89 applies the above provisions, with the necessary modifications, to promissory notes.

Interest is, by usage, always allowed upon bills of exchange and promissory notes (*b*). But where it is not expressly reserved, it is not part of the debt, but merely damages for its detention, and the jury are not bound to give it unless they think proper. But negligence or default on the part of the holder seem to be the only grounds which will justify the jury in withholding it (*c*). Interest ought not to be allowed on a bill or note for any time that it has been in the hands of an alien enemy (*d*).

Interest on bills of exchange.

The mode in which the interest is to be calculated varies according as it is expressly reserved or given as damages.

Where a bill is expressed to be payable with interest, unless the instrument otherwise provides, interest runs from the date of the bill, and if the bill is undated from the issue thereof (*e*). And even where no action could originally have been maintained upon the note, as having been given to a married woman by her husband and two others as sureties for him, it was held that she might recover within six years after the death of her husband, and obtain interest from the date (*f*). And similarly, where the promise was by the maker of the note for himself and executors, one year after his own death to pay 300*l.* with legal interest. In this case no previous dealings between the parties were shown; but, in the absence of proof, it was presumed that the note was given for value. Had the evidence proved the contrary, so as to render the note a voluntary gift, in the nature of a legacy, it appears the interest would have been held to run from the maker's death (*g*).

From what time it is calculated.

The provisions of the recent statute respecting the interest

(*b*) *Ante*, p. 161.

(*c*) *Du Belloix v. Lord Waterpark*, 1 D. & R. 16: *Cameron v. Smith*, 2 B. & A. 308: *Laing v. Stone*, 2 M. & R. 561: *Keene v. Keene*, 3 C. B. N. S. 144; 27 L. J. C. P. 89.

(*d*) *Du Belloix v. Waterpark*, *ubi sup.*

(*e*) Bills of Exchange Act, 1882, s. 9, sub-s. 3.

(*f*) *Richard v. Richards*, 2 B. & Ad. 447.

(*g*) *Roffey v. Greenwell*, 10 A. & E. 222.

Interest
expressly
reserved.

recoverable as damages when interest is expressly reserved by the bill are not clear.

By sect. 3 a bill of exchange must be an order for the payment of a sum certain in money.

By sect. 9 the sum payable by a bill is a sum certain within the meaning of the Act, although it is required to be paid with interest, and in such case, unless the instrument otherwise provides, interest runs from the date of the note, or if undated, from the issue thereof.

By sect 57, as set out above, the measure of damages is to be the amount of the bill and interest thereon from maturity with some other expenses. It would seem from this that the interest up to maturity must be added to the initial amount of the bill in order to make the sum upon which interest is to be given as damages under s. 57. The result will be that interest upon interest will be given, which was not the case formerly. If this is not what is intended, but the interest to be given as damages is to be confined to interest from maturity on the initial amount of the bill, no provision is made in s. 57 for the recovery of the interest expressly reserved.

Where interest was not specially reserved, it ran from the maturity of the bill or note (*h*), and in case of an instrument payable on demand, from the time of demand. The commencement of the action is a sufficient demand for this purpose (*i*).

Where there was neither a person competent to sue for the money, nor authorised to receive it, as for example where a bill, upon which interest was not expressly reserved, became due after the death of an intestate and before administration, it was held that interest ran, not from the maturity of the bill, but from demand by the administrator (*k*). In such a case a jury would now under s. 57, sub-s. 3, be entitled to give only such interest as was just.

Liability of
drawer or in-
dorsor to pay
interest.

It was held in one case that the drawer or indorser of a bill, not bearing interest on the face of it, was only liable for interest from the time he received notice of dishonour (*l*). But

(*h*) *Gantt v. Mackenzie*, 3 Camp. 51.

(*i*) *Pierce v. Fothergill*, 2 Bingh. N. C. 167. A demand may sometimes be dispensed with where it would be a useless formality: *Re East of England Banking Co.*, L. R. 6 Eq. 368.

(*k*) *Murray v. East India Co.*, 5 B. & A. 204.

(*l*) *Walker v. Barnes*, 5 Taunt. 240.

this decision seems contrary to principle, as the contract by drawer and indorsers is, that the acceptor shall pay at maturity, or that they will. Any damage suffered by his default ought to be borne by them. Accordingly, the statute now provides that the interest from maturity may be recovered from drawer or indorser (s. 57).

Where a note is payable by instalments, and on failure of any instalment the whole is to become due, the interest is to be calculated upon the whole amount remaining due after any default, and not upon the respective instalments at the time when they would otherwise have been payable (*m*).

When payment by instalments.

Interest does not run after a tender (*n*) ; but when money is paid into court upon an instrument which bears interest, the sum must cover interest down to the date of payment into court, and not merely to the commencement of the action, or the plaintiff may proceed for the difference (*o*). In all other cases interest is carried down to final judgment (*p*).

Tender : payment into court.

Where the defendant by his pleading admits the bill, the plaintiff cannot recover interest from its maturity at the date alleged in the declaration without producing the bill (*q*). Where there has been a judgment by default, it appears to have been held that the note need not be produced before the Master upon a rule to compute (*r*).

Production of bill.

Interest is calculated at the current rate of the place, according to whose laws it is payable. It is for the jury to say what the rate of interest in the particular place is, but it is for the judge to direct them as to the place according to whose laws the interest is to be assessed (*s*). Bills and notes in England bear interest at the rate of 5*l.* per cent. both at law and in equity (*t*).

Rate of interest.

Section 72 of the recent statute, which enacts rules where the laws of different countries conflict, still leaves open certain questions, upon which previous decisions will bear.

Conflict of laws.

(*m*) *Blake v. Lawrence*, 4 Esp. 147.

(*n*) *Dent v. Dunn*, 3 Camp. 296.

(*o*) *Kidd v. Walker*, 2 B. & Ad. 705.

(*p*) *Robinson v. Bland*, 2 Burr. 1081.

(*q*) *Hutton v. Ward*, 15 Q. B. 26.

(*r*) *Davis v. Barker*, 3 C. B. 606 ; and now in such a case, judgment by default is final ; Ord. 13, R. 3.

(*s*) *Gibbs v. Fremont*, 9 Exch. 25.

(*t*) *Upton v. Ferrers*, 5 Ves. 803.

According to
lex loci solu-
tionis.

In action
against
acceptor,

drawer,

or indorser.

The place at which each party to a bill or note undertakes that *he himself* will pay it, is with regard to him the *lex loci contractus*, according to which his liability is governed (*u*). Consequently, with regard to each of the parties to a bill, interest in the nature of damages, where there has been no express contract, may be of a very different amount. Where a bill was drawn, indorsed, and accepted in France, but payable in England, it was held in an action against the acceptor, that he was only liable for the English rate of interest (*v*). But if the action had been against the drawer, upon default of the acceptor, his liability to interest would have been regulated by the rate of interest in France. "The drawer, by his contract, undertakes that the drawee shall accept, and shall afterwards pay the bill according to its tenor. If this contract of the drawer be broken by the drawee, either by non-acceptance or non-payment, the drawer is liable for the payment of the bill, not where the bill was to be paid by the drawee, but where he, the drawer, made his contract, with such interest, damages, and costs as the law of the country where he contracted may allow" (*x*).

When, however, a bill has been drawn at A., and indorsed at B., and the action is against the indorser, it is a question whether this indorsement is a new drawing of a bill at B., or only a new drawing of the same bill, that is, a bill expressly made at A. In the former case it would carry interest at the rate at B. ; in the latter, at A. (*y*). There is a difference upon this point. Pardessus adopts the latter opinion (*z*). He says, "L'obligation de dommages-intérêts fait partie de la convention intervenue entre le tireur et le preneur, et chaque endosseur s'est porté caution d'exécuter l'engagement du premier. Chacun d'eux peut donc, dans l'espèce présentée, être contraint de payer tous les dommages-intérêts auxquels le défaut d'acquiescement de la dette peut donner lieu." The weight of authority in England, however, is certainly in favour of the other view.

(*u*) Story, Conf. Laws, s. 314.

(*v*) *Cooper v. Waldegrave*, 2 Beav. 282.

(*w*) *Per* Right Hon. Pemberton Leigh, *Allen v. Kemble*, 6 Moo. P. C. 314, 321: *Cougan v. Bankes*, Chitty on Bills, 11th ed. 437: *Gibbs v. Fremont*, 9 Exch. 25.

(*y*) *Per* Alderson, B., 9 Exch. 31.

(*z*) Cours de Droit Com., Art. 1500.

Lord Langdale, M.R., in the case previously cited (*a*), says, "At the time when there is a breach of the contract of the acceptor by non-payment in the country where payment is contracted to be made, there may be a contemporaneous breach of contract by the drawer or indorser in the country where the contract was entered into—where the bill was drawn and the indorsement made,—and the consequences of that breach of contract might be governed by the law of the country where it takes place." Here his Honour places drawer and indorser as each liable on the same principle, viz., according to the law of the place where *their* contract was made. These words are relied on by Mr. Pemberton Leigh in *Allen v. Kemble* (*b*). And no difference is taken between the cases. As the latter decision settled the liability of the drawer, according to the opinion first quoted, it may be fairly argued that the liability of the indorser would have been similarly settled, if the question had arisen. The high authority of Story, J., is also marshalled on the same side (*c*).

The Bills of Exchange Act, 1882, contains the following provision (*d*): "Subject to the provisions of this Act, the interpretation of the drawing, indorsement, acceptance or acceptance *supra* protest of a bill, is determined by the law of the place where such contract is made. Provided that where an inland bill is indorsed in a foreign country the indorsement shall as regards the payer be interpreted according to the law of the United Kingdom."

"Where a bill is drawn out of, but payable in, the United Kingdom, and the sum payable is not expressed in the currency of the United Kingdom, the amount shall, in the absence of some express stipulation, be calculated according to the rate of exchange for sight drafts at the place of payment on the day the bill is payable."

Where interest at a particular rate is expressly reserved upon the face of the instrument, it becomes of course part of the debt, and the drawer and every indorser is liable to pay

Where interest is expressly reserved.

(*a*) *Cropper v. Waldegrave*, 2 Beav. 282, 285.

(*b*) 6 Moo. P. C. 322.

(*c*) Story, Conf. L. s. 315. See further, *Hirschfeld v. Smith*, L. R. 1 C. P. 340; 35 L. J. C. P. 177; *Lebel v. Tucker*, 8 B. & S. 830; L. R. 3 Q. B. 77; 37 L. J. Q. B. 46.

(*d*) S. 72, sub-ss. 2, 4.

this exact amount, wherever his own contract was made. It is not an additional damage accruing from his own breach of contract, but an integral part of the sum which he has contracted to ensure. Interest may, however, be expressly reserved, without any mention of the rate. In such cases, the rule is laid down by Mr. Chancellor Kent (*e*), and by Mr. Justice Story (*f*), as follows: "The law of the place where the contract is made is to determine the rate of interest, when the contract specifically gives interest: and this will be the case, though the loan be secured by a mortgage on lands in another state, unless there be circumstances to show that the parties had in view the law of the latter place in respect to interest. When that is the case, the rate of interest of the place of payment is to govern."

The circumstances which utterly vitiate a bill, such as fraud, immorality, and illegality, of course do not come within our object (*g*). But as the bill may be a perfectly fair and legal transaction, and yet the holder have no right to recover at all, or only a part of the sum named in it, the question of consideration becomes important.

Effect of want
of considera-
tion.

As between immediate parties to the instrument, such as drawer and acceptor, indorser and his indorsee, the rule is very simple. An original absence of consideration (*h*), or an entire failure of consideration (*i*), will be an entire bar to the action. And a partial absence, or failure, of consideration will be a bar pro tanto (*k*).

"But between remote parties, for example, between payee and acceptor, between indorsee and acceptor, between indorsee and remote indorser, two distinct considerations at least must come in question: first, that which the defendant received for his liability; and secondly, that which the plaintiff gave for his title. An action between remote parties will not fail, unless there be an absence or failure of both these considerations. And

(*e*) 2 Kent. Com. 460, 461.

(*f*) Conf. Laws, s. 305.

(*g*) See Byles on Bills, 15th ed., 155—165.

(*h*) *Holliday v. Atkinson*, 5 B. & C. 501: *Southall v. Rigg*, 11 C. B. 481
Crofts v. Beale, 11 C. B. 172.

(*i*) *Wells v. Hopkins*, 5 M. & W. 7: *Solly v. Hinde*, 2 C. & M. 516.

(*k*) *Darnell v. Williams*, 2 Stark. 166: *Barber v. Backhouse*, Peake, 86: *Simpson v. Clarke*, 2 C. M. & R. 342.

if any intermediate holder between the defendant and plaintiff gave value for the bill, that intervening consideration will sustain the plaintiff's title" (*l*). Nor is it any defence in an action by indorsee for value against the acceptor or any other person who has received no consideration, that the plaintiff took with notice of that fact (*m*); unless the indorsement to the plaintiff amounted to a fraud upon the defendant, of which the plaintiff at the time was aware (*n*). And the same rule prevails, though it was indorsed to him after due (*o*). But where the bill is an accommodation bill, and known to be so by the indorsee, he can only recover on it the amount he has actually paid on it (*p*); though if he were ignorant of that fact, he might recover the whole amount, although he had not paid so much (*q*). These principles are unaltered by anything contained in the Bills of Exchange Act, 1882 (*r*).

With regard to failure of consideration, three things are to be observed: 1st. That if the consideration for which the bill was given is once executed, no subsequent tortious act by which the defendant is deprived of the benefit of that consideration, can be a defence to the bill.

Effect of failure of consideration.

Therefore where the plaintiff had agreed to execute a lease of premises to the defendant, and the defendant had accepted a bill for the consideration money, and been let into possession, it was decided to be no answer to an action upon the bill, that the plaintiff had refused to execute the lease (*s*). And the same decision took place where the bill was given for the price of goods, which the plaintiff, who was the vendor, had forcibly retaken in two months after delivery (*t*). In each case the only remedy was by cross action against the plaintiff.

Consideration executed.

(*l*) Byles on Bills, 15th ed., 148: *Robinson v. Reynolds*, 2 Q. B. 196: *Collins v. Martin*, 1 B. & P. 651: *Hunter v. Wilson*, 4 Exch. 489.

(*m*) *Fentum v. Pocock*, 5 Taunt. 192: *Manley v. Boycot*, 2 E. & B. 46.

(*n*) *Evans v. Kymer*, 1 B. & Ad. 528.

(*o*) *Sturtevant v. Ford*, 2 M. & G. 101: *Stein v. Iglecias*, 1 C. M. & R. 565: *Lazarus v. Cowie*, 3 Q. B. 459.

(*p*) *Jones v. Hibbert*, 2 Stark. 304.

(*q*) *Wiffen v. Roberts*, 1 Esp. 261.

(*r*) See ss. 27—30, s. 36, s. 97, sub-s. 2. The last-named clause expressly preserves the rules of common law, including the law merchant, in reference to bills of exchange, promissory notes, and cheques, save in so far as they are inconsistent with the express provisions of the Act.

(*s*) *Moggridge v. Jones*, 14 East, 486.

(*t*) *Stephens v. Wilkinson*, 2 B. & Ad. 320; and see *Grant v. Welchman*, 16 East, 207.

Consideration independent.

2nd. That where the bill is given in pursuance of an agreement to pay money on a particular day, such agreement being absolute and not dependent upon the execution of the consideration ; the non-performance of the latter is no defence to an action on the bill, while the contract remains open and unrescinded. An action was brought upon a note for 200*l*. There was an agreement of the same date with the note, by which it appeared that in consideration of 200*l*. then paid or secured to them by the defendant, and in consideration of 1,140*l*. to be paid on the 2nd February, the plaintiffs agreed to convey to the defendants an estate subject to two mortgages. The estate was not conveyed owing to a dispute with the mortgagee who refused to assign his interest ; Held, that the action on the note was maintainable. Lord Tenterden, C.J., put the decision on the ground that by the agreement the purchase-money was to be paid on the 2nd February in any event. Parke, J., inclined to think that the action would not have been maintainable, if the circumstances had been such that the defendant, having paid the 200*l*. as a deposit, would have been entitled to recover it back. This he could not do as long as the contract remained open. But that was the case here, for the plaintiff agreed only to convey the estate subject to the two mortgages. They were never bound to convey the legal estate to the plaintiff, but only the equity of redemption ; and that they never had refused to convey (*u*).

Partial failure of consideration.

3rd. A bill of exchange cannot be accepted on a *quantum meruit* (*x*) ; and where a bill or note is given for the price of goods, evidence of inferior quality is never admissible in reduction of the claim (*y*). But it is otherwise where the inferiority of the articles arises from fraud on the part of the seller ; this makes the bill bad *ab initio* (*z*). It would appear then, that though a partial absence of consideration may be set up (*a*), a partial failure of consideration never can, but must always be matter of cross-action.

(*u*) *Spiller v. Westlake*, 2 B. & Ad. 155.

(*x*) Lord Ellenborough, 2 Camp. 347.

(*y*) *Ibid.* : *Morgan v. Richardson*, 1 Camp. 40, n. : *Fleming v. Simpson*, *ibid.* : *Trickey v. Lorne*, 6 M. & W. 278 : *Cripps v. Smith*, 3 Ir. L. R. 277 ; the ruling of Tindal, C.J., in *De Schwanberg v. Buchanan*, 5 C. & P. 345, upon this point seems incorrect.

(*z*) *Lewis v. Cosgrave*, 2 Taunt. 2 : *Solomon v. Turner*, 1 Stark. 51.

(*a*) *Wiffen v. Roberts*, 1 Esp. 261 : *Jones v. Hibbert*, 2 Stark. 304.

For an explanation of re-exchange on dishonoured bills, see Byles on Bills (*b*). The drawer of the bill is liable to re-exchange, no matter how many the hands through which the bill has been returned, and on which the exchange charges have been accumulating, because, by making himself liable for the acceptor, he makes himself liable for all the consequences of the acceptor's default (*c*). And the same rule holds as to an indorser (*d*), and an acceptor (*e*). Where the maker of a note made it "payable in Paris, or at the choice of the bearer, in Dover or London, according to the course of exchange upon Paris," and shortly after all direct exchange ceased between London and Paris, though a circuitous course of exchange was maintained through Hamburg: Held, that the plaintiff was entitled to recover upon the note, according to the system of circuitous exchange existing at the time the note was presented for payment (*f*). The Bill of Exchange Act, 1882, s. 57 (2), in terms only applies to bills dishonoured abroad. It has, however, been decided that where a bill has been drawn abroad payable in England, and where by the law of the country where it is drawn the drawer is liable to pay the holder damages for re-exchange if the bill is not paid by the acceptor, in such a case if the drawer has paid re-exchange he is entitled to recover it from the acceptor; and if he has not paid it, he can prove in the bankruptcy of the acceptor in respect of the contingent liability to pay such charges (*g*). In all cases where the holder is liable to re-exchange, his remedy against other parties to the bill who are bound to indemnify him is under cl. (2) of s. 57, and not cl. (1) (*h*).

In the case of a foreign bill of exchange, a protest for Protest in case of foreign

(*b*) 15th ed., 444: *Willans v. Ayers*, 3 App. Cas. 133. And as to the inadmissibility of evidence of an alleged custom among London merchants, giving to the holder an election between the re-exchange and the amount given for the bill, *Suse v. Pombe*, 8 C. B. N. S. 538; 30 L. J. C. P. 75.

(*c*) *Mellish v. Simeon*, 2 H. Bl. 378.

(*d*) *Auriol v. Thomas*, 2 T. R. 52; Bills of Exchange Act, 1882, s. 57, *ante*, p. 252.

(*e*) *Francis v. Rucker*, Amb. 671: *Walker v. Hamilton*, 1 De G. F. & J. 602: *re General South American Co.*, 7 Ch. D. 637.

(*f*) *Pollard v. Herries*, 3 B. & P. 335.

(*g*) *Re Gillespie, Ex parte Roberts*, 18 Q. B. D. 286; 56 L. J. Q. B. 74.

(*h*) *Re Commercial Bank of South Australia*, 36 Ch. D. 522; 57 L. J. Ch. 131.

and inland bills. non-acceptance is necessary to charge the drawer or indorsers (*i*); but it may be dispensed with under those circumstances which render notice of dishonour unnecessary (*k*). Protesting inland bills is unknown to the Common Law (*l*); and is stated by the Bills of Exchange Act, 1882 (s. 51, sub-s. 2), to be unnecessary. Since it has been decided that interest may be recovered on an inland bill without protest (*m*), the practice has become quite useless.

Noting and postage. Expenses of noting and postage, incurred on the return of an inland bill, must be specially laid (*n*). The Bills of Exchange Act, 1882 (s. 51, sub-s. 1), provides that "where an inland bill has been dishonoured it may, if the holder think fit, be noted for non-acceptance or non-payment, as the case may be"; and s. 57, sub-s. 1 (c), provides that the damages for dishonour of a bill shall include the expenses of noting, or when protest is necessary, and the protest has been extended, the expenses of protest.

Costs of former action. A party to a bill, who has been sued upon it, cannot recover the costs of the suit, in an action against the party who is liable to him (*o*).

Liability of transferor who does not indorse. A party to a bill, who transfers it without indorsement, does not warrant the solvency of the parties to it (*p*), and no action can be maintained against him if it is dishonoured (*q*). He does, however, warrant it to be such a bill as it purports to be. Therefore, if it is forged (*r*), or if professing to be a foreign, it is really an inland bill, and therefore void for want of a stamp, the transferor must refund the amount received, though he was

(*i*) *Gale v. Walsh*, 5 T. R. 239; *Orr v. Maginnis*, 7 East, 359; Bills of Exchange Act, 1882, s. 51, sub-s. 2. The expenses of protest for better security cannot be recovered, nor banker's commission. *Re English Bank of River Plate*, [1893] 2 Ch. 438; 62 L. J. Ch. 578.

(*k*) *Rogers v. Stephens*, 2 T. R. 713; as to these circumstances, see *Rickerdike v. Bollman*, 2 Sm. L. C. 8th ed., 51.

(*l*) Byles on Bills, 15th ed., 216; *Leftley v. Mills*, 4 T. R. 173.

(*m*) *Windle v. Andrews*, 2 B. & A. 696.

(*n*) *Hobbs v. Christmas*, Byles on Bills, 13th ed. 264; *Kendrick v. Lomax*, 2 C. & J. 405; *Dando v. Boden*, [1893] 1 Q. B. 318; 62 L. J. Q. B. 339.

(*o*) See *ante*, p. 92.

(*p*) *Fenn v. Harrison*, 3 T. R. 757.

(*q*) Where, however, the holder of a bill payable to his order transfers it for value without endorsing it, the transferee has a right to have the endorsement of the transferor (Bills of Exchange Act, 1882, s. 31, sub-s. 4).

(*r*) *Jones v. Ryde*, 5 Taunt. 488.

ignorant of the defect, and though the bill would have been paid, notwithstanding the defect, only for the bankruptcy of the acceptor (*s*), or the laches of the holder (*t*).

But a person who accepts a perfectly genuine bill, for the amount stated on its face when accepted, is not liable to any subsequent holder who takes the bill after it has been fraudulently altered in amount, although at the time of his acceptance the stamp upon which the bill was drawn, and the space left before the words and figures in its body, were such as facilitated, and were intended by the drawer to facilitate, the subsequent alteration (*u*).

(*s*) *Gompertz v. Bartlett*, 2 E. & B. 849.

(*t*) *Wilson v. Vysar*, 4 Taunt. 288.

(*u*) *Scholfield v. Earl of Lonsborough*, [1896] A. C. 514; 65 L. J. Q. B. 593, in which the case of *Young v. Grote*, 4 Bingh. 253, was discussed.

CHAPTER IX.

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| <ol style="list-style-type: none"> 1. <i>Actions for Rent.</i> 2. <i>Actions on Covenant to Repair.</i> 3. <i>Actions on Covenant to Build or Mine.</i> 4. <i>Actions on Covenant to pay Renewal Fine.</i> | <ol style="list-style-type: none"> 5. <i>Actions on Covenant to Insure.</i> 6. <i>Actions on Covenant to pay Rates.</i> 7. <i>Actions on Covenant to deliver up possession.</i> 8. <i>Actions on Covenant not to assign.</i> |
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IN a previous chapter I examined contracts relating to the purchase or sale of land, and the damages which might arise from their breach. In the present chapter I propose to collect together those contracts which relate to the terms on which it is to be held. The most universal and important of these is the contract for payment of rent. Others, such as covenants to repair, present important matter for consideration also. Covenants for title, quiet enjoyment, and against incumbrances, have been discussed before (*a*), as referring rather to the nature of the thing parted with, than the manner in which it was to be occupied.

Actions for
rent.

I. Rent is generally a fixed sum, reserved by a written instrument. In this case difficulty can seldom arise, as the jury have merely to give a verdict for the amount claimed for arrears, and interest upon it from the time due (*b*). Where there was a lease of coal mines to the defendant, yielding and paying yearly for every ton of coal that should be worked, raised, or got in each year, not exceeding 13,000 tons in any year, 8*d.* per ton, or yielding and paying that amount of money, viz., 433*l.* 6*s.* 8*d.* each year as fixed rent, whether the coal should be worked or not, and also 9*d.* per ton for each ton over and above that quantity; it was held that the whole rent was payable, though the mine was so exhausted that the lessee

(*a*) *Ante*, pp. 215 *et seq.*

(*b*) 3 & 4 W. IV. c. 42, s. 28.

could not raise 13,000 tons of coal in a year (c). The only two cases which ever admit of conflicting evidence as to the amount to be received are, where the rent is claimed in an action for use and occupation, and where a right to an apportionment is set up.

1. Debt for use and occupation lay even at common law, although there had been a demise at a fixed rent, provided it could be treated as a mere agreement, and not a lease (d). But by 11 Geo. II. c. 19, s. 14, it is lawful for a landlord, where the agreement is not by deed, to recover a reasonable satisfaction for the lands, &c., held or occupied by the defendant, in an action on the case for the use and occupation of what is so held or enjoyed; and if in evidence any parol demise, or any agreement (not being by deed) whereon a certain rent was reserved, shall appear, the plaintiff in such action shall not therefore be nonsuited, but may make use thereof as evidence of the quantum of the damages to be recovered. Use and occupation.

Where there has been an agreement settling the amount of rent, of course the case is clear, and such agreement may be proved for this purpose, though void as a lease by the Statute of Frauds (e). Such an agreement, however, is only evidence of the amount of rent to be paid, where the lessee has enjoyed under it. And where the lessee took under an agreement which he never signed, and the lessor failed to fulfil the agreement, in the principal point which had induced the lessee to propose becoming a party to it, the Court held that he could scarcely be said to have so enjoyed. Accordingly, the jury were at liberty to find any such value as they considered that Where there is an agreement.

(c) *Bute v. Thompson*, 13 M. & W. 487; *R. v. Hedworth*, 8 East, 387; *Jervis v. Tomkinson*, 1 H. & N. 195; 26 L. J. Ex. 41. In an action recently brought for breach of a covenant to dig an annual amount of not less than 1,000 tons of potter's clay, an equitable plea that there was no clay, and therefore performance was impossible, was held good, the covenant not being considered to amount to a stipulation for a minimum rent in any event: *Lord Clifford v. Watts*, L. R. 5 C. P. 577; 40 L. J. C. P. 36. Equity will not relieve a tenant from his liability to pay rent after premises have been burnt down or otherwise destroyed, even though the landlord have received funds from an insurance office, and refused to rebuild: *Lofft v. Dennis*, 1 E. & E. 474; 28 L. J. Q. B. 168; *Saner v. Bilton*, 7 Ch. D. 815; 47 L. J. Ch. 267; *Manchester Bonded Warehouse v. Carr*, 5 C. P. D. 507; 49 L. J. C. P. 809.

(d) *Gibson v. Kirk*, 1 Q. B. 850.

(e) *De Medina v. Polson*, Holt, 47.

which he had enjoyed to be worth (*f*). Even payment of rent at a particular rate is only evidence of an agreement, and will not be conclusive, where any facts show that such rate was not intended to be permanent. A tenant was let into possession of land during the currency of a term, the rent then being 47*l.*, with an agreement that at the end of the term he was to pay 80*l.* He paid the 47*l.*, but disputes arising on the new agreement, it was abandoned, and he continued to occupy. It was held that the jury were to consider what was a fair rent for the continued holding, and that no necessary inference could be drawn from the former holding at 47*l.* (*g*).

Value of premises may be increased by extrinsic circumstances.

The question as to the value of the premises is of course one entirely for the jury. Some light may be thrown upon the principles which should guide them in cases of difficulty, by reference to cases decided under the Acts for assessing to the poor rates. It has been held for this purpose, that lands and houses are rateable, not only with reference to what may be regarded as their present intrinsic value, but to any circumstance which for the time increases the beneficial interest of the party who enjoys them. Thus, where a small plot of ground was rendered valuable by a mineral spring, and the buildings upon it derived a profitable character from that circumstance, the lands and buildings were held to be rateable with the spring, at the profits which they produced in association (*h*). So where any right is attached to the possession of a tenement, as a soke mill, which is entitled to the sole multure of all the corn and grain in the neighbourhood, or a canteen in a barracks, which naturally attracts all the custom of the soldiers and their followers (*i*). And so where machinery is demised along with the tenement, whether that machinery be real or personal property (*k*). Of course there is this difference between the rules to be observed in assessing for poor rate, and assessing for rent; that in the former case, the entire value of the tenements and

(*f*) *Tomlinson v. Day*, 2 B. & B. 680 : *Swatman v. Ambler*, 8 Ex. 72.

(*g*) *Thetford (Mayor of) v. Tyler*, 8 Q. B. 95.

(*h*) *R. v. Miller*, Cowp. 619 : *Mersey Docks v. Llanelliian*, 14 Q. B. D. 770 ; 54 L. J. Q. B. 49.

(*i*) *R. v. Bradford*, 4 M. & S. 317.

(*k*) *R. v. St. Nicholas, Gloucester*, Caldec. 262 : *R. v. Hogg*, 1 T. R. 721 : *R. v. Guest*, 7 A. & E. 951 : *Reg. v. Haslam*, 17 Q. B. 220 : *Reg. v. Lee*, L. R. 1 Q. B. 241.

their adjuncts is to be taken into consideration, whether such additional value has been conferred upon them by the act of the tenant himself or not ; but for the purpose of ascertaining the rent due to the landlord, only such value as has been received at the time of the demise can be taken into account. Otherwise the tenant would be paying a rent upon the outlay of his own capital. But although the value of lands or tenements consists not only in the land itself, but also in those things which have been attached, so as to become part of it, the case is different where the increased value arises from a contract by the landlord, to do something which will be beneficial to the occupier. For instance, to supply a public-house with ale at fixed prices, or to provide a tenant with horses to be used on or off the tenement as a moving power, or with steam for the like purpose. The compensation for the power can in neither case form a part of the value of the subject of the occupation (*l*). This is clearly a matter quite independent of the demise, and in respect of which either party may maintain an action on the contract.

Beneficial contract with landlord not part of value of premises.

The annual value is properly estimated at the rent which a tenant would give, he paying the poor rates and the expenses of repairs, and the other annual expenses for making the subject of occupation productive ; if the subject of occupation be of a perishable nature, or require an annual expense to secure its existence, an allowance ought to be made on that account. It is on this principle that buildings, machinery, canals, gas-works, &c., are rated at a less proportion than arable or other land (*m*).

Annual value, how estimated.

Where the tenant has not come into possession under the plaintiff, the latter can only recover for the time during which he himself has had a legal title, although he may have had the

Period for which plaintiff can recover.

(*l*) *Per* Parke, B., *Robinson v. Learoyd*, 7 M. & W. 48 : *Sunderland Parish v. Sunderland Union*, 34 L. J. M. C. 121.

(*m*) *R. v. Lower Mitton*, 9 B. & C. 810 : *Reg. v. Cambridge Gas Light Co.*, 8 A. & E. 73 : *R. v. Adams*, 4 B. & Ad. 61 : *Dobbs v. G. J. Waterworks*, 9 App. Cas. 49. An allowance should be made for ground-rent if paid by the occupier : *Barber v. Brown*, 1 C. B. N. S. 121 ; 26 L. J. G. P. 41, and for the annual repairs of perishable farm-buildings and machinery, and in respect of their contingent or future renewal or reconstruction when past repair : *R. v. Wells*, L. R. 2 Q. B. 542. As to the case of surface land with machinery, fixtures, &c., occupied by the owner of the mine underneath, see *Guest v. East Dean*, L. R. 7 Q. B. 334 ; 41 L. J. M. C. 129.

equitable estate, as assignee of the equity of redemption, long before (*n*).

Rent in general can not be apportioned.

2. The general principle of law is, that there can be no apportionment of rent, except by the assent of the parties, either in respect of a portion of the time, or a portion of the property. Therefore where there has been a surrender or an eviction in the middle of the period for which rent is payable, the landlord cannot recover rateably for the shorter period during which the tenant was in possession (*o*). Nor can he recover any part of the rent, where he has himself evicted the tenant from part of the land : but where there has been a surrender of part of the land, or the lessor has entered upon part for a forfeiture, or by special condition for entry, or the lessee be evicted from part of the land by title paramount, the rent should be apportioned (*p*). And so, where the reversion is severed by a grant of part of the premises, the rent-service incident to the reversion shall be apportioned (*q*). Possession by a tenant, who has been let in by the lessor under a lease of prior date, and still in existence, is an eviction by superior title, such as would create an apportionment of rent in favour of a subsequent lessee. But where such lease lasts for the entire term over which the subsequent lease was to extend, the lease is utterly void as to that part, and the rent is not apportionable, and no distress can be maintained for it (*r*). No action will lie for use and occupation of a part, where there has been an eviction of another part by the lessor (*s*).

When rent may be apportioned at common law.

Apportionment by statute.

Various statutory provisions have passed, to remedy the evil which arose on the determination of leases, by a death in the middle of the current half-year. In such cases the rent for the fractional period was wholly lost. The party who made the lease, or his representatives, could not recover, because the rent was never due ; and the person next entitled could not recover, because the tenant had never been in possession of his land.

(*n*) *Cobb v. Carpenter*, 2 Camp. 13. n.

(*o*) *Walls v. Atchewon*, 3 Bing. 462 : *Hall v. Burgess*, 5 B. & C. 332.

(*p*) Co. Lit. 148, a ; 3 Rep. 22, *ante*, p. 223.

(*q*) Co. Lit. 148, a ; 13 Rep. 57, a.

(*r*) *Neale v. Mackenzie*, 1 M. & W. 747.

(*s*) *Heere v. Bird*, 1 C. M. & R. 36 ; overruling *Stokes v. Cooper*, 3 Camp. 514, n., *contra*. As to pleading eviction, see 1 Wms. Saund. 204, n. 2 ; 1 Wms. Notes to Saund. 209, n. 2.

By the joint operation of 11 Geo. II. c. 19, s. 15, and 4 W. IV. c. 22, s. 1, in all cases in which a lease determines on the death of the lessor (although not strictly tenant for life), or on the death of the life during which the lessor was entitled, the representatives of the lessor in the former case, or the lessor himself in the latter, may recover a rateable portion of the rent growing due.

The next section of the last-named Act (*l*), provided that in case of any rent-service reserved on a lease, made subsequent to 16 June, 1834, by a tenant in fee or for life, or person demising under a power, and also, in case of all other rents and fixed periodical payments of any description, payable under any instrument executed, or (in case of a will) coming into operation after the same date, there shall be an apportionment thereof on the death of any person interested in such rents, &c., or on the determination, by any other means whatsoever, of the interest of such person, so that he or his representatives shall be entitled to a proportion according to the period since the last payment.

The relief given by these Acts has been extended by the Apportionment Act, 1870, 33 & 34 Vict. c. 35. Section 1 enacts, that all rents, annuities, dividends, and other periodical

Apportionment Act, 1870.

(*l*) 4 & 5 W. IV. c. 22, s. 2. This Act was held only to apply to cases in which the interest of the person interested in rents and payments was determined by his death or by the death of another person; but not to allow an apportionment to be made between the real and personal representatives of a tenant in fee: *Browne v. Amyot*, 3 Hare, 173: *Beer v. Beer*, 12 C. B. 60; 21 L. J. C. P. 124: *Ex parte Clulow*, 3 K. & J. 689; 26 L. J. Ch. 513. Seemingly it applied only to the death of the party entitled to the rent in whose favour it was to be apportioned, not to the death of the party bound to pay. The Court of Queen's Bench expressed a strong opinion that no apportionment could take place where the tenancy had been put an end to by the act of the landlord: *Oldershaw v. Hoff*, 12 A. & E. 590. In no case did the statute apply to payments which were not due under some instrument in writing: *Ile Markby*, 4 My. & Cr. 484; *Cattley v. Arnold*, 1 Johns. & H. 651; 28 L. J. Ch. 352. It was held to apply to suits arising out of leases made after the passing of the Act, but by virtue of powers contained in settlements or wills executed or coming into operation previous to that date. See *Lock v. De Burgh*, 4 De G. & Sm. 470; 20 L. J. Ch. 384: *Plummer v. Whiteley*, Johns. 385; 29 L. J. Ch. 247: though in *Fletcher v. Moore*, 26 L. J. Ch. 580, an opinion to the contrary was expressed by Kindersley, V.-C. See further as to the operation of this Act, *St. Aubyn v. St. Aubyn*, 30 L. J. Ch. 917; 1 Drew. & Sm. 611: *Mills v. Trumper*, L. R. 1 Eq. 671; and as to annuities, *Trimmer v. Danby*, 23 L. J. Ch. 979: *Robinson v. Robinson*, 2 Ir. C. L. R. 370. A mortgagee out of possession is not an assignee of the mortgagor, nor entitled to an apportionment: *Paquet v. Anglesey*, L. R. 17 Eq. 283; 43 L. J. Ch. 437.

payments in the nature of income (whether reserved or made payable under an instrument in writing or otherwise), shall, like interest on money lent, be considered as accruing from day to day, and shall be apportionable in respect of time accordingly. And by section 2, the apportioned part of any such rent, annuity, dividend, or other payment, shall be payable or recoverable, in the case of a continuing rent, annuity, or other such payment, when the entire portion of which such apportioned part shall form part, shall become due and payable, and not before, and in the case of a rent, annuity, or other such payment determined by re-entry, death, or otherwise, when the next entire portion of the same would have been payable if the same had not so determined, and not before (*u*).

The legislature, with its usual anxiety to support the interests of landlords, has also enacted some provisions with a view to secure the recovery of their premises, when the period of tenancy has expired.

Tenant holding over after notice to quit given by himself.

By 11 Geo. II. c. 19, s. 18, if any tenant shall give notice of his intention to quit the premises holden by him, at a time therein mentioned, and shall not deliver up possession at such time, he shall pay double the rent which he should otherwise have paid, and so during his continuance in possession.

What notice sufficient.

Notice by the tenant under this statute may be by word of mouth (*x*). But it must state such an ascertained time as would bind the landlord, and enable him to get another tenant. Accordingly where the notice was that he would leave when he got another situation, which he did get, this was held insufficient (*y*). And on the same principle of reciprocity, the notice must be given by a tenant competent to determine his tenancy, and at the proper distance of time necessary to make such a

(*u*) It has been held that this Act applies to all cases, whether the instrument under which the case arises came into operation before or not till after the passing of the Act: *Cine's Estate*, L. R. 18 Eq. 213: *Constable v. Constable*, 11 Ch. D. 681; 48 L. J. Ch. 621. Also that in case of a devise of real estate, the rents are apportionable between the executor and the devisee: *Capron v. Capron*, L. R. 17 Eq. 288. And so in the case of a bequest of stock, that the dividends are apportionable, first as between executor and devisee for life, and next between devisee for life and residuary legatee: *Pollock v. Pollock*, L. R. 18 Eq. 329. As to what comes under the term "dividends," see *Jones v. Ogilvie*, L. R. 8 Ch. 192; 42 L. J. Ch. 334.

(*x*) *Timmins v. Rowlinson*, 3 Burr. 1603. The analogous Irish Act, 15 Geo. II. c. 8, s. 9 (Ir.), required written notice: *Farrel v. Donnelly*, 4 Ir. L. R. 476.

(*y*) *Farrance v. Elkington*, 2 Camp. 591.

notice valid. Therefore, where a tenant, who could determine his holding by a six months' notice, gave a shorter one, and then held over, the landlord was not allowed to distrain for double rent (z).

The 4th Geo. II. c. 28, s. 1, provides, that whenever any tenant, or person coming into possession of land under a tenant, shall wilfully hold over after the end of the term, and after notice *in writing* for delivering up possession from his landlord or lessor, or the person to whom the remainder or reversion shall belong, he shall pay double the yearly value of the premises. This statute, being a penal one, is to be strictly interpreted. Where the defendant was tenant of a room in a mill, through which the revolving shaft of a steam-engine passed, it was ruled that in calculating the double value, the value of the power of the steam-engine, which was supplied by the landlord to turn the machinery by means of this shaft, could not be taken into consideration. The Court said that although the rent paid was an entire sum, part of it was paid, not for the value of the occupation, but for the landlord's performance of a contract to do something beneficial to the tenant. If the landlord, by means of the tenant having held over, is prevented from using the steam-power beneficially, and deprived of profit thereby, he has a remedy on his contract with the tenant to give up at the end of the term, or for a trespass in continuing to occupy, and may recover compensation for his loss by way of special damage (a).

Holding over after notice by landlord.

This statute, it will be observed, requires the notice to be in writing (b).

The action for double value must be brought by the person standing in the position of landlord or lessor. It cannot, therefore, be brought by a person to whom the landlord has granted a fresh lease to commence from the expiration of the former lease, and who is prevented from coming into possession (c). The holding over must be contumacious, and not under a *bonâ fide* though mistaken claim of right (d).

Who may sue.

(z) *Johnstone v. Huddleston*, 4 B. & C. 922.

(a) *Robinson v. Learoyd*, 7. M. & W. 48.

(b) See as to the requisites of such a notice, *Page v. Moore*, 15 Q. B. 684.

(c) *Blatchford v. Cole*, 5 C. B. N. S. 514; 28 L. J. C. P. 140. See as to the landlord's right to recover from the old lessee the costs of an action brought against him by the new lessee, *ante*, p. 101.

(d) *Swinfen v. Bacon*, 6 H. & N. 184, 846; 30 L. J. Ex. 33.

Deduction on account of payments made by the tenant :

The landlord's claim to rent is always liable to be reduced by the amount of any payment necessarily made by the tenant, in liquidation of a charge upon the land, or a debt due from the landlord. Of this nature are payments made in respect of ground-rent to the superior landlord (*e*) ; interest due upon a mortgage prior to the lease (*f*) ; an annuity charged upon the land (*g*) ; property-tax (*h*) ; land-tax and paving-rates (*i*). And it makes no difference that the landlord was not really liable to the tax in question, if by his own laches in not establishing his exemption, the tenant has been forced to pay (*k*). The amount so deducted must, however, be paid strictly in exoneration of the landlord. Therefore where the plaintiff demised land to the defendant upon a building lease, at the rent of 60*l.*, clear of all rates and assessments, the sewers-rate and land-tax excepted, and the defendant, by building, increased the rateable value of the land to 300*l.* per annum, he was only allowed to deduct the sewers-rate and land-tax upon the original rent, and not upon the improved value (*l*).

Should be pleaded as payment : Should be deducted from rent next due.

Deductions of this sort are, *pro tanto*, a payment of the rent, and not a set-off, and should be pleaded accordingly (*m*). By the express terms of the statutes, payments of land-tax, paving-rates, and property-tax must be deducted from the rent due ; and if the tenant pays the rent in full, without making such a deduction, he is left without remedy (*n*). The same principle appears to be laid down by Park, J. (*o*), as applicable to other payments, as, for instance, of ground-rent. The reason is, that when the entire rent is paid, where part only is really due, the surplus is a voluntary payment with full knowledge of the facts, and therefore not recoverable (*p*).

(*e*) *Sapsford v. Fletcher*, 4 T. R. 511. See *Boodle v. Campbell*, 8 Sco. N. R. 104 ; 7 M. & G. 386.

(*f*) *Johnson v. Jones*, 9 A. & E. 809.

(*g*) *Taylor v. Zamira*, 6 Taunt. 524.

(*h*) *Baker v. Davis*, 3 Camp. 474.

(*i*) *Andrew v. Hancock*, 1 B. & B. 37. See as to deducting land-tax after its redemption, *Moody v. Dean and Chapter of Wells*, 1 H. & N. 40 ; 25 L. J. Ex. 273.

(*k*) *Swatman v. Ambler*, 24 L. J. Ex. 185.

(*l*) *Smith v. Humble*, 15 C. B. 321.

(*m*) *Sapsford v. Fletcher*, *ubi sup.* ; *Denby v. Moore*, 1 B. & A. 123 ; *Franklin v. Carter*, 1 C. B. 750.

(*n*) *Andrew v. Hancock*, *ubi sup.* ; *Stubbs v. Parsons*, 3 B. & A. 516 ; *Camming v. Bedborough*, 15 M. & W. 438.

(*o*) *Carter v. Carter*, 5 Bing. 409, 410.

(*p*) See 1 Sm. L. C. 163, 6th ed. ; 10th ed., p. 164.

II. Covenants to repair may throw that obligation either upon the tenant or the landlord. The tenant also may either contract to keep in repair during the tenancy, or to leave in repair at its determination.

1. When the tenant covenants to keep in repair, an action may be brought for breach of covenant at any time during the continuance of the lease (*q*). And Lord Holt ruled that in such a case the measure of damages was the amount it would cost to put the premises into repair (*r*). This view, however, has been departed from in later cases, and it has been ruled that the measure of damages is the extent to which the marketable value of the reversion is injured. This would be very great if the lease was near its expiration; very small if it had a long time to run (*s*). And this rule has repeatedly been affirmed in very recent cases (*t*). It is also held to be the true principle for assessing damages, where the reversioner sues the tenant upon a covenant, express or implied, not to commit waste (*u*). The case of *Marriott v. Cotton* as reported at *Nisi Prius* (*x*) seems opposed to this rule. The action was upon a contract to repair. Plea that the premises were in good repair until they were accidentally burnt down, and verdict for the defendant upon this plea. Damages were to be assessed contingently, in case the plea should be held bad, and Rolfe, B., directed nominal damages. He said that otherwise, as the action was brought during the tenancy, the plaintiff might put the money into his pocket, and then bring another action for non-repair, in which, on the principle contended for by the plaintiff, he would be entitled again to recover substantial damages. But it appears that in a subsequent stage of the case this ruling was reversed, and that substantial damages were entered up (*y*).

Actions
against
tenant on
covenant to
keep in repair.

(*q*) *Luxmore v. Robson*, 1 B. & A. 584. A covenant to put in repair can only be broken once; and when damages have been once recovered in respect of that breach, no more can be recovered: *Chward v. Gregory*, L. R. 2 C. P. 153; 36 L. J. C. P. 1.

(*r*) *Virian v. Champion*, 2 Ld. Raym. 1125.

(*s*) *Doe d. Worcester School Trustees v. Rowlands*, 9 C. & P. 734; *Smith v. Peat*, 9 Ex. 161; 23 L. J. Ex. 84.

(*t*) *Mills v. East London Union*, L. R. 8 C. P. 79; 42 L. J. C. P. 46; *Williams v. Williams*, L. R. 9 C. P. 659; 43 L. J. C. P. 382; *Henderson v. Thorn*, [1893] 2 Q. B. at p. 166.

(*u*) *Whitham v. Kershaw*, 16 Q. B. D. 613.

(*x*) *Marriott v. Cotton*, 2 C. & K. 553.

(*y*) In *Bell v. Hayden*, 9 Ir. C. L. Rep. 301, where substantial damages

Damages on
covenant to
keep in repair.
..

On the other hand, it has been said that the rule laid down in *Doe v. Rowlands*, that the injury to the marketable value of the reversion is the measure of damages, is not of universal application. In a case which was much considered in Ireland, the lease, containing a covenant to keep in repair by the lessee, had, at the time of action brought, more than eight hundred years to run. It was argued that the lessor was only entitled to nominal damages, the measure of damages being not the amount which would restore the premises to their pristine condition at the date of the lease, but the amount of injury done to the reversion, and that one shilling laid out at interest would at the end of eight hundred years far exceed the sum which the plaintiffs could then claim. Mazier Brady, C., after expressing doubts both of *Marriott v. Cotton*, and *Doe v. Rowlands*, and remarking on the difficulty of saying what upon the authorities should be the measure of damages, refused to say that nominal damages only could be recovered, and left it generally to the master to ascertain the amount of damage sustained by the plaintiff in consequence of the dilapidations (2). And shortly afterwards in England, where a lessee sued his sub-lessee for breach of a covenant to keep in repair, he was held entitled to recover substantial damages although he had no reversion, the lessor having ejected both lessee and sub-lessee for non-payment of rent. Bramwell, B., said, that the criterion of damage proposed, namely, the diminution in value of the reversion, was a very good test, but not the only test of the damages to be recovered; and Watson, B., said "the damages recovered are usually such as are sufficient to put the premises into repair. As a matter of fact it is never proved in evidence to what extent the reversion is damaged" (a).

It is to be observed upon this latter case, as Pollock, C.B., pointed out, that although the plaintiff had been ejected by his lessor for non-payment of rent, he still continued liable upon

were recovered pending the term, O'Brien, J., stated that he had procured from the offices of the Queen's Bench in England, copies of the orders made in *Marriott v. Cotton*, and that the case went to the court above, and the verdict for nominal damages was set aside, and a verdict entered for substantial damages.

(2) *Macnamara v. Vincent*, 2 Ir. Ch. Rep. 481. See as to damages for breach of covenant to repair by lessee under a fee-farm grant in Ireland, where there is no reversion: *Lombard v. Kennedy*, 23 Ir. L. Rep. Ch. 1.

(a) *Davies v. Underwood*, 2 H. & N. 570; 27 L. J. Ex. 113.

his own covenant to repair. The damages to which his lessor would have been entitled, would have been the amount necessary to put the premises in repair ; for this amount would exactly measure the injury to his reversion. Obviously, therefore, he was entitled to receive exactly the same amount from his sub-lessee. As Watson, B., put it, "the true foundation of the action is, not that the reversion *is*, but that it *may be* damnified by the conduct of the lessee." The plaintiff was entitled to say to his sub-lessee, "My reversion was substantially injured by your failure to repair. The fact that I have subsequently lost the reversion has neither lessened the injury done to me, nor affected your obligation to pay for that injury." In the Irish case, too, it is obvious that the length of the term was no reason why the reversion might not fall in at once ; *e.g.*, from non-payment of rent, or other cause of forfeiture. If so, the argument for the defendant fell to the ground.

In a recent case the question of damages, as between lessee and sub-lessee, arose in the following circumstances : Rouse took a lease for sixty-one years from 1837, with covenant to keep in repair and to deliver up in repair. In 1851 he demised to Oliver for a period extending up to ten days of the expiration of his own lease, at an improved rent of 100*l.* per annum, with identical covenants. The sub-lease gave full notice of the fact and terms of the original lease. An action for breach of covenant was brought by the representatives of the lessee against the representatives of the sub-lessee and the damages came on to be ascertained three and a half years before the termination of the lease. Evidence was given that when the lease fell in, the only profitable way of dealing with the ground would be to pull down the house and treat the land as building ground. The house, if repaired, would be worth 200*l.* more to pull down than if left unrepaired. It was contended that this was all the injury to the reversion which could be recovered by the original lessor against the original lessee, and therefore was all that could be recovered by the lessee against the sub-lessee. The official referee held that the original lessee might have to pay the full cost of the repairs under his own covenant, and assessed these at 1,500*l.*, and, with a deduction in respect of the time which would elapse before he could be called upon to pay, settled the actual

*Ebbets v.
Conquest.*

damages at 1,305*l*. This finding was supported by the Court of Appeal and the House of Lords. Lord Herschell said that the actual cost of repair might or might not be the proper measure of damages, according to the facts of any particular case. As to the case under discussion, "If the premises were now in good repair, the reversion of the respondents would secure them the improved rent of 100*l*. a year to the end of the term, without any liability on their part, unless it were to the extent to which repairs subsequently became necessary. As matters stand, they can only receive this rent subject to the liability of restoring the premises to good repair, so that they may in that condition re-deliver them to their lessor. The difference between these two positions represents the diminution in the value of their reversion owing to the breach of covenant, and on this basis the damages seem to me to have been properly assessed."

Referring to the evidence above stated, he said, "The duty of the appellants, as between themselves and the respondents, was to fulfil the obligations of the covenant into which they had entered, and to keep the premises in repair. If they had done so, the present question would not have arisen. They have broken their covenant, and when sued for the breach they have, in my opinion, no right to demand that a speculative inquiry shall be entered upon as to what may possibly happen, and what arrangements may possibly be come to, under the special circumstances of the case, when the superior lease expires by effluxion of time" (*b*).

When land-
lord has
repaired.

When the landlord is forced to repair himself, in the middle of his tenant's term, in order to save a forfeiture of his own estate to his head landlord, it seems that the damage he will be entitled to recover will depend upon the covenant on which he sues. If there is a covenant to repair after notice, and he has given notice to his sub-lessee, and the time has expired, and he has then entered himself and repaired, the measure of damages will be the cost of such repairs, so far as they are fit and necessary. And it is not necessary for the plaintiff to prove that the defendant assented to the repairs being done by him, because, if there is no assent, the plaintiff would be a

(*b*) *Ebbetts v. Conquest*, [1895] 2 Ch. 377; affd. [1896] A. C. 490; 65 L. J. Ch. 808.

trespasser and liable to an action for the entry (c). In such a case it would not operate in mitigation of damages, that the plaintiff had, before the commencement of the action, assigned the premises to a third party, who pulled them down and entirely rebuilt them. The injury was done when his breach of covenant compelled the plaintiff to lay out money (d). But if he sues upon the general covenant to repair, after giving notice under the special covenant, but before the time fixed by the notice has expired, it has been held that he can only recover nominal damages; because he cannot recover under the special covenant, and under the general covenant he cannot show that there has been any damage done to the reversion (e). Probably in this case it was thought that the notice calling upon the defendant to repair within two months under the special covenant, operated as an election to proceed under that covenant, and estopped the plaintiff from demanding substantial damages until the expiration of the time fixed by himself. But I do not imagine that the existence of a special covenant to repair after notice would prevent the landlord from recovering full damages in a suit upon the general covenant to repair, if he chose to rely exclusively upon it.

The interest in premises passes from the execution of the lease, though the duration of the term may date from some anterior period. Therefore, where the tenant entered upon the premises in June, and the lease was executed in November, *habendum* from June, with covenant to repair: an action was brought upon the covenant, the breach being that he pulled down and altered the premises between June and November; it was held that only nominal damages could be recovered (f).

The assignee of a lease is, of course, only liable for breach of covenants committed during his own holding. But where the lease has passed through several hands, and the premises are out of repair when the action is brought, and are proved to have been so when they were held by the defendant, it will be for him to show how much of the injury arose subsequent to his occupation. And in default of evidence by him, the

When damage
was before
execution of
lease.

Damages
against assign-
ee of lease.

(c) *Colley v. Strecton*, 2 B. & C. 273.

(d) *Ibid.*, *ubi sup.*

(e) *Williams v. Williams*, L. R. 9 C. P. 659; 43 L. J. C. P. 382.

(f) *Shaw v. Kay*, 1 Ex. 412.

jury may assess the damage at the whole amount to which he would have been liable, had all the dilapidations taken place in his own time (*g*).

Proof of dis-
repair.

Of course strict proof must always be given of the amount of disrepair. Accordingly, where a county court judge told the jury that this action was not like one for goods sold and delivered, and that the plaintiff might rest upon general evidence in support of his particulars of demand, without proving every item, especially as the jury had viewed the premises with the particulars of demand in their hands, and would therefore be able to judge if the plaintiff had made out his case,—a new trial was granted (*h*).

Liability of
vendor of
land.

A vendor of real estate who has contracted to sell, is a trustee for the purchaser to this extent at all events, that if he has the property in his possession or under his control he is bound to keep it in a reasonable state of repair, so that the purchaser may take the thing he has contracted to buy, unless there are some special circumstances which alter that obligation. Therefore if the vendor fails to give possession at the time fixed for completion, any injury accruing to the premises in the interval before actual possession is handed over may be recovered by the purchaser, either by way of damages, or compensation in the nature of damages (*i*).

When action
is brought at
the end of the
term.

2. Where the action is brought upon the covenant to repair at the end of the term, the damages are such a sum as will put the premises into the state of repair in which the tenant was bound to leave them (*j*); where, beside the covenant to repair, there is also a covenant to insure against fire for a specific sum, the defendant's liability, in case of the premises being burnt down, is not limited to this sum. The condition is only intended as an additional security to the landlord (*k*). And it makes no difference that, owing to a change in the character of the

(*g*) *Smith v. Peat*, 9 Ex. 161; 23 L. J. Ex. 84.

(*h*) *Smith v. Douglas*, 16 C. B. 31.

(*i*) *Phillips v. Silvester*, 8 Ch. 173; *Royal Bristol Building Society v. Bomash*, 35 Ch. D. 390; 56 L. J. Ch. 840.

(*j*) *Woodhouse v. Walker*, 5 Q. B. D. at p. 408; 49 L. J. Q. B. at p. 612; *Whitham v. Kershaw*, 16 Q. B. D. at p. 616. In a very recent case it was considered right to deduct from this sum an amount which the landlord had recovered by action during the term, but had not expended on repairs: *Henderson v. Thorn*, [1893] 2 Q. B. 164; 62 L. J. Q. B. 586.

(*k*) *Digby v. Atkinson*, 4 Camp. 276.

buildings or of the neighbourhood, the premises would let at as high a rent as before, although the covenant was not strictly complied with (*l*), nor even that the lessor had granted a lease to a third person to run from the expiration of the defendant's lease, so that in reality the performance of the defendant's covenant was a matter of pecuniary indifference to him (*m*). The obligation of the defendant to perform his agreement cannot be affected by the circumstances external to himself, or arrangements to which he was no party. The defendant, however, is not liable to pay for improved modes of doing the work, by means of which the parts repaired are more durable than they were on their former principle of construction (*n*).

When the covenant is only to repair the demised premises, the defendant is not bound to repair any buildings afterwards erected, even though he was wrong in erecting them, and no damages can be recovered in respect of the disrepair into which they may have fallen (*o*). Subsequent erections.

It is no answer to a claim for dilapidations, that the plaintiff's interest in the premises has ceased. The plaintiff may be liable over to his superior landlord; but independently of this, the objection cannot be set up by a party who is himself in fault (*p*). When plaintiff's interest has ceased.

A tenant who has failed to make the repairs to which he was bound, is liable to his landlord for the damages arising from the time the landlord is unable to re-let the premises, even though there were substantial repairs which the landlord Damages arising from premises remaining unlet.

(*l*) *Morgan v. Hardy*, 17 Q. B. D. 770 at p. 779; reversed on another point, 18 Q. B. D. 646; 13 A. C. 351; 58 L. J. Q. B. 44.

(*m*) *Joyner v. Weeks*, [1891] 2 Q. B. 31; 60 L. J. Q. B. 510.

(*n*) *Soward v. Leggatt*, 7 C. & P. 613.

(*o*) *Doc d. Worcester School Trustees v. Rowlands*, 9 C. & P. 734. Every such covenant must be construed according to its particular words: *Cornish v. Cleife*, 3 H. & C. 446; 34 L. J. Ex. 19; and sometimes a distinction may exist between a liability to repair newly-erected houses and a liability to repair newly-erected additions to existing houses; *per Bramwell, B., Ib.*

(*p*) *Clow v. Brogden*, 2 M. & G. 39; and see *Daries v. Underwood*, *ante*, p. 274. In another case, a lessor recovered substantial damages for dilapidations, although at the expiration of the term the premises were pulled down under a verbal arrangement for that purpose made previously with a proposed new lessee. In this case the Court laid stress on the fact that the agreement with the proposed new lessee was verbal only, and therefore not binding on either party: *Rawlings v. Morgan*, 18 C. B. N. S. 776; 34 L. J. C. P. 185; but the case of *Joyner v. Weeks*, *supra*, shows that this fact was really unimportant.

himself was bound to make. Because, if the defendant had laid out the money before he quitted, the plaintiff might have occupied the premises himself (*q*).

Damages
must arise
from the
defendant's
neglect.

Of course no claim can be maintained for any damages which do not flow immediately from the defendant's neglect. For instance, the plaintiff held land under several covenants, one of which was a covenant to repair, with a right of entry by the landlord on breach of the covenants, and made a sub-lease to the defendant with a covenant to repair, which was broken by the defendant. The head landlord ejected the plaintiff for breach of all the covenants, including that violated by the defendant. It was held that the plaintiff could not recover from the defendant the value of the term so forfeited, since there were other breaches besides those in the defendant's lease, and it did not appear on which of them the ejectment had turned. And Maule, J., and Bosanquet, J., doubted whether, in any case, the sub-tenant could be liable in such an action for all the consequences to his landlord of a breach of covenant contained in a lease to which he was not himself a party (*r*).

Meaning of a
covenant to
repair.

In estimating the amount of damages, it is, of course, important to know what state of repair the tenant was bound to put the premises into. Where the covenant is, "to put the premises into repair," this clearly means to put them into a better state of repair than the tenant found them in (*s*). It has also been decided, however, that a covenant to "keep" in repair involves a covenant to put in repair. For they cannot be kept in good repair without being put into it (*t*). But the amount of repair, of course, depends on the age and class of the house, and must differ as that may be a palace or a cottage. No one is bound to give his landlord a new house instead of an old one (*u*). A

What amount
of repair is
necessary.

(*q*) *Woods v. Pope*, 6 C. & P. 782; 1 Bingham, N. C. 467.

(*r*) *Clow v. Brogden*, *ubi sup.*, 2 Sco. N. R. 303, 314, S. C.

(*s*) *Belcher v. M'Intosh*, 8 C. & P. 720.

(*t*) *Payne v. Haine*, 16 M. & W. 541; *Easton v. Pratt*, 2 H. & C. 676; 33 L. J. Ex. 31, 233, in Ex. Ch.: *Proudfoot v. Hart*, 25 Q. B. D. at p. 50; 59 L. J. Q. B. 389.

(*u*) *Per* Alderson, B., *Belcher v. M'Intosh*, 8 C. & P. 723; *per* Fry, J., *Saner v. Bilton*, 7 Ch. D. at p. 821; *per* Erle, C.J., *Easton v. Pratt*, 33 L. J. Ex. 233, at p. 235; 2 H. & C. 676; *Pontifex v. Ford*, 12 Q. B. D. 152; 53 L. J. Q. B. 321; followed *Catton v. Bennett*, 26 Ch. D. 161, at p. 166; 53 L. J. Ch. 685.

house in Spitalfields may be repaired with materials inferior to those requisite for repairing a mansion in Grosvenor Square (*x*). And, accordingly, where a lessee took premises, which at the time were old and out of repair, under a covenant to repair : and they were destroyed by fire, and it appeared that the cost of reinstating them would amount to 1,635*l.*, but they would then be more valuable by 600*l.* than they were at the time of the fire ; it was decided that defendant was only liable to pay 1,035*l.*, that being the amount which the plaintiff had really lost (*y*). This is all quite clear ; but a more difficult question arises as to how far evidence of actual *disrepair*, as distinguished from mere inferiority, may be admitted. The rule laid down in *Stanley v. Towgood* (*z*), and *Mantz v. Goring* (*a*), and approved of in *Payne v. Haine* (*b*), was that evidence might be given as to the age and class of the premises, with their general condition as to repair ; but that the defendant could not prove in detail that such and such a part was out of order. *Burdett v. Withers* (*c*) has been thought to go beyond this. There the defendant's counsel wished to cross-examine as to the state of the premises at the time of his coming into possession. The evidence was refused, and a new trial was granted in consequence. Lord Denman said, "It is very material with a view both to the event of the suit, and the amount of damages, to show what the previous state of the premises was." And in *Payne v. Haine*, Alderson, B., says, "The marginal note (*d*) of *Burdett v. Withers* may be incorrect ; but the judgment is quite right, and shows that a lessee who has contracted to keep demised premises in good repair, is entitled to prove what their general state of repair was at the time of the demise, so as to measure the amount of damages for want of repairs by reference to that state." This reconciles that case with the others mentioned

Evidence of
previous dis-
repair.

(*x*) *Per* Parke, B., *Payne v. Haine*, 16 M. & W. 545 ; *per* Lord Esher, M.R., 25 Q. B. D. p. 51.

(*y*) *Yates v. Dunster*, 11 Ex. 15 ; 24 L. J. Ex. 226. But was not this 600*l.* something which the plaintiff had contracted to gain ? The covenant to repair implied that the premises were to be made more valuable, perhaps by this very 600*l.*, than they had been before.

(*z*) 3 B. N. C. 4.

(*a*) 4 B. N. C. 451.

(*b*) 16 M. & W. 545.

(*c*) 7 A. & E. 136.

(*d*) "The defendant is entitled to prove at the trial what the state of the premises was at the time of the demise."

before. The question, therefore, for the future will probably be, not so much as to the admissibility of such evidence, as the purpose to which it may be applied. Since *Payne v. Haine*, a tenant cannot justify keeping premises in bad repair, because they happened to be in that state when he took them. But evidence of this nature, like evidence of age, will be admissible to show how far they were capable of being repaired at all, and what amount of repair could have been contemplated by the covenant (*e*). In other words, a house is like a ship, which varies in class according to its original construction, and which descends in class by age and wear and tear, and general deterioration. A tenant is not allowed to say, "I found the house out of repair, and therefore I left it out of repair, or put it into imperfect repair." But he is allowed to show that either by original construction or by lapse of time, the house was one of class C., and not one of class A., and that he had done to it such repairs of an accessory character, such as fitting and the like, as were suitable to class C., and such repairs of a substantial and structural character as were sufficient to keep it in that class as far as possible. To do anything more would be to raise the house to a different class (*f*).

Assignee of a term.

The doctrine of *Payne v. Haine* will be peculiarly difficult of application in the case of assignees of a term, where the original lease contained covenants to repair. Each assignee is only liable for breach of covenant committed during his own holding. But if he is bound, not only to keep the premises in as good repair as he got them, but to put them into better where there is actual disrepair, he will in effect be liable for all the breaches of his predecessors. In the case of *Smith v. Peat* (*g*), it is said he might be called to prove the

(*e*) See *Harris v. Jones*, 1 M. & Rob. 173, and *Gutteridge v. Munyard*, *ib.*, 334, 336, where Tindal, C.J., says, "Where a very old building is demised, and the lessee enters into a covenant to repair, it is not meant that the old building is to be restored in a new form at the end of the term, or of greater value than it was at the commencement of the term. What the natural operation of time flowing on effects, and all that the elements bring about in diminishing the value, constitute a loss, which, so far as results from time and nature, falls on the landlord." *Lister v. Lane*, [1893] 2 Q. B. 212 (C.A.); 62 L. J. Q. B. 583.

(*f*) See an able article in the *Solicitors' Journal* for 1875, p. 727.

(*g*) 9 Ex. 161; 23 L. J. Ex. 84.

state of the premises at the time of the assignment to him. But it is clear that that dictum must be taken with some limitation.

The meaning of the words "tenantable repair" was much discussed in the case of *Proudfoot v. Hart* (h). There Cave, J., appears to have been of opinion, that a tenant, under such a covenant, was only bound to execute such repairs as were necessary to keep the fabric together, and Mathew, J., said, "He is not bound to repair what is worn out by age, nor to restore it, nor to replace anything that is worn out by age." Accordingly they considered that painting, papering, whitewashing, and flooring were only obligatory for the purpose of keeping the building together. This view of the law was reversed on appeal. The term "good tenantable repair" was defined as meaning "such repair as, having regard to the age, character and locality of the house, would make it reasonably fit for the occupation of a reasonably-minded tenant of the class who would be likely to take it." An outgoing tenant is not bound to paper, paint, whitewash, &c., for purposes of decoration, or for the purpose of leaving the premises in the same new and clean condition in which he found them. Nor is he bound to do so merely because the paper and paint have worn out, and the ceilings have grown black, if an ordinary incoming tenant would be content with them as they are. He must execute such repairs if the walls, wood-work, &c., would perish if they were not executed. But even beyond this, if by wear and tear the condition of the house has become such as not to satisfy a reasonably-minded tenant of the class who would be likely to take the house, then he must repaper and repaint, and execute all other kinds of superficial repair, so as to make the premises reasonably fit, within the definition, for the occupation of such a tenant."

What is
tenantable
repair.

The expenses of survey are usually borne by the landlord, unless there be some special agreement to the contrary. Therefore, in an action for breach of covenant, by the dilapidation of premises, the landlord is not entitled to be allowed the expenses he has been put to in ascertaining what has been the extent of injury sustained (i).

Expenses of
survey.

(h) 25 Q. B. D. 42; 59 L. J. Q. B. 389.

(i) So ruled by Field, J., *Logan v. Cor*, May, 1876. The case is not reported, but the learned Judge has kindly allowed me to state the ruling on his authority. J. D. M. The expenses of survey can however be

Repairs of
party-wall.

A tenant was not liable, on his general covenant to repair, for the repairs of the party-wall effected under 14 Geo. III. c. 78 (*k*), except so far as they were rendered necessary by his own default, and it was for the landlord to establish the circumstances under which he claimed to charge the tenant with any proportion of the expense so incurred (*l*).

Where there
is a condition
precedent.

The landlord's claim to recover for breach of a covenant to repair may depend on the performance of some condition precedent, such as putting the premises in repair himself (*m*). Such a condition when applied to a single house and premises is indivisible, and where the landlord has only repaired a part, he cannot recover for non-repair by the tenant, even of the very part which he has put into repair. But if the covenant applied to two separate dwelling-houses, of which one might be completely enjoyed, though the other was not in a condition for proper occupation, the covenants would be divisible, and the performance of one part would, it seems, entitle to an action for the non-performance of the corresponding part of the covenant (*n*).

When one count of a declaration stated an agreement by plaintiff and defendant to take certain premises, subject to a covenant to repair, and alleged non-repair; the second count stated, that in consideration that defendant was tenant to plaintiff of a certain other messuage, he promised to use it in a tenant-like manner, laying as a breach that he had made holes in the walls, &c.: one demise only as to one house was proved; it was held that damages could not be recovered on both counts, as they must be taken to refer to different messuages (*o*).

Action
against the
lessor.

3. Covenants to repair on the part of the lessor present no distinction as to the amount of damages that may be recovered. In an action by the tenant on such a covenant, it was held that he could not recover as special damage, rent, taxes, and other

recovered by the landlord when the defendant obtains relief under the Conveyancing Acts. See 55 & 56 Vict. c. 13, s. 2 [1892].

(*k*) Repealed by 28 & 29 Vict. c. 90, s. 34.

(*l*) *Moore v. Clark*, 5 Taunt 90.

(*m*) *Neale v. Ratcliffe*, 15 Q. B. 916; *Coward v. Gregory*, L. R. 2 C. P. 153; 36 L. J. C. P. 1. See, as to the tenant's right to timber, *Bristol (Dean and Chapter) v. Jones*, 1 E. & E. 484; 28 L. J. Q. B. 201.

(*n*) *Neale v. Ratcliffe*, 15 Q. B. 916.

(*o*) *Holford v. Dunnett*, 7 M. & W. 348.

sums laid out upon a house into which the plaintiff was forced to move, while his own was uninhabitable. Because, although the defendant covenanted to repair, he did not covenant to find him another house while the repairs were going on, any more than he would have been bound to do so if the premises had been consumed by fire (*p*). But an allowance might be made for the additional time during which he was obliged to be in another house, on account of defendant's delay in commencing repairs (*q*). Where the defendant covenants to repair part of the premises only, injury done to the other parts by the non-repair of the former may be recovered if it resulted from neglect on the defendant's part (*r*). It was ruled in one case, that if the premises became more out of repair after the commencement of the action, the jury might consider this in assessing damages (*s*). This, of course, only applies where the defendant is still liable.

In a later case the action was brought by the assignees of a bankrupt lessee against the representatives of the lessor, for breaches of covenants to put premises in repair and keep them in repair. The defendants, *inter alia*, pleaded to the breach of covenant to keep in repair, for a defence on equitable grounds, that the lessee had recovered a sum of 1,080*l.* in an action for breaches of the covenants to put and keep in repair, and that if he had expended that sum in putting the premises in repair, the want of repair now complained of would not have existed. Upon demurrer it was held that this was a bad plea, and that the matters alleged in it did not amount to a bar of the action, but went in mitigation of damages (*t*).

Effect of previous recovery of damages.

III. Building and Mining covenants. For breach of these the only criterion is the amount of damage the plaintiff has suffered by the diminished value of the premises. Plaintiff agreed to let defendant land for ninety-eight years, from 1835, at a pepper-corn rent for three years, and afterwards at 115*l.* per annum. Defendant was to build on the ground in three

Actions for breach of building covenants.

(*p*) *Green v. Eales*, 2 Q. B. 225.

(*q*) *Ibid.*

(*r*) *Ibid.*

(*) *Shortbridge v. Lamplugh*, 2 *Ld. Raym.* 803; see *ante*, p. 112.

(*t*) *Onward v. Gregory*, *L. R.* 2 C. P. 153; 36 *L. J. C. P.* 1. For a converse case of lessor against lessee where the lessor had recovered during the term, see *Henderson v. Thorn*, *ante*, p. 278, n.

years, and then accept a lease. There was a proviso for re-entry in case of default. Defendant did not build, and in 1839 plaintiff got possession of the land. He then demised to B. for the residue of defendant's term, at a pepper-corn rent for the year ending Midsummer, 1840 ; 70*l.* for the next year, and 140*l.* for the rest of the term. He then sued defendant for breach of agreement to build ; and, amongst other things, claimed as damages the difference between the rent which he would have obtained up to 1841, had the defendant kept his agreement, and that which he was to obtain from the new tenant :—Held, that the jury were not bound to give him that difference ; that the real measure was the damage he had on the whole sustained, and that in estimating this they must consider the new agreement he had entered into. Accordingly they found that no damage had accrued beyond 2*l.*, which had been paid into Court (*u*).

Covenants
to mine.

In a later case, the action was on a contract, by which the defendants agreed that if the plaintiff would surrender to his lessor the land then in his possession, they would, on obtaining a lease of it to themselves, sink a shaft to the depth of 130 yards in search of coal, and if they found a vein of marketable coals, would pay the plaintiff 2,500*l.* The defendants never sank a shaft. Evidence was given that if a shaft had been sunk to the depth of 130 yards a vein of marketable coal would have been found : the cost of such a shaft would have been 2,600*l.* The judge told the jury that the plaintiff had a right to have a pit sunk to the depth agreed on at the defendant's cost, and that they ought either to estimate the damages with reference to the expense of so doing, or might give the amount which would have become payable on the contingency. A verdict was given for 2,500*l.* A rule to enter nominal damages was refused. Pollock, C.B., Alderson, B., and Martin, B., gave no opinion as to which alternative in the judge's ruling was most correct. Parke, B., inclined to think that the expense of sinking the pit was a wrong criterion of damage, because the plaintiff could not go upon the land and make it. But at all events, he said, this was a case for more than nominal

(*u*) *Oldershaw v. Holt*, 12 Ad. & E. 590 : *Wigsell v. School for Indigent Blind*, 8 Q. B. D. 357 ; 51 L. J. Q. B. 330 : *Marshall v. Mackintosh*, 14 Times L. R. 458.

damages; and as the defendants had been instrumental in preventing the discovery of marketable coal, they ought to pay the plaintiff such an amount as he had lost by their neglect to perform the covenant (x). If this had been a covenant between the lessor and lessee of the mine, Baron Parke's objection would of course fail, since at the expiration of the lease he could himself sink the pit. As long as there was any chance that a mine might be found, he would obviously be entitled to the cost of the shaft, which the defendant had undertaken to make at his own expense. But suppose all possibility of a mine being found, and therefore of any advantage being derivable from the shaft, could be negatived, what would be the damages then? None could be given in respect of the payment of 2,500*l.*, because, by the hypothesis, it could never become due. Then the damages would be measured by the loss he had sustained by not having a shaft sunk, free of charge, in his own land. It is hard to see that more than nominal damages could be recovered for this; since here also, by the hypothesis, no damage could accrue from breach of the covenant, as no benefit would flow from its performance.

IV. There are various cases in which the occupier of land covenants to make certain payments, connected with his interest in it.

1. Covenants to pay renewal fine. When the plaintiff held an archbishop's lease, renewable from time to time by payment of fines, and demised to the defendant for a term, the latter covenanting that he would from time to time, and at every time during the said term, pay to plaintiff or the archbishop such part of the fine or fees which, upon every renewal of the lease by which plaintiff held the premises, should be paid or payable by plaintiff in respect of the premises demised to defendant. Plaintiff renewed for a longer period than the term demised by him to the defendant, and it was ruled that the latter was only liable for a part of the fines commensurate with the interest which defendant now acquired in the premises (y).

Covenant to pay renewal fine.

2. Covenant to insure. In an action for breach of this

Covenant to insure where no loss has occurred.

(x) *Pell v. Shearman*, 10 Ex. 766.

(y) *Charlton v. Driver*, 2 B. & B. 345.

covenant, the plaintiff, who had himself paid the insurance premium, was held entitled to recover it back from the defendant as damages, no special loss having occurred (z). In this case the plaintiff was himself a lessee, bound by covenant to insure, and the defendant was his assignee who had taken subject to the original covenants, so that the payment by the plaintiff was necessary for his own safety. Even in the ordinary case of lessor and lessee, the same rule would, it is conceived, hold good. If the plaintiff has paid the insurance premiums, he ought to recover their amount; because, as he is entitled to the protection of an insurance policy, he is also entitled to adopt such means as may keep it on foot. If, however, he has not paid the premiums, then the question is, how much is the reversion the worse by reason of the lapse or non-existence of such a policy; no loss having as yet occurred? The answer to this would seem to be, that the loss to the reversion is measured by the amount which it would cost the plaintiff to put himself into the same position as he would now be in, had the defendant kept his contract. If no insurance has been effected, this amount would consist of the cost of entering into one; that is, all the charges which a party has to incur at starting, before his next premium falls due. If a policy has been effected, then the arrears of premiums (if the office will accept them) or the cost of a new policy, whichever is cheaper. It seems plain that this is all to which the plaintiff is entitled; he can claim nothing in respect of the past risk, for this is over, nor in respect of past payments, for he has made none. The cost of commencing an insurance will, at any moment, secure him against risk till default made in paying the premiums; and when this takes place, he may pay them himself, and recover their amount as damages.

*Charles v.
Altin.*

These views are to a considerable extent confirmed by the Court of Common Pleas, in a case where the question incidentally arose. It was agreed by the terms of a charter-party, that the charterers should pay one-third of the freight in advance—the same to be returned if the vessel did not reach her destination—the charterers to insure the amount at

(z) *Hey v. Wyche*, 12 L. J. Q. B. 83.

the owner's expense, and deduct the cost of so doing from the first payment of freight. The charterers paid the one-third freight, deducting insurance premium. The vessel and cargo never arrived. The charterers sued for a return of the freight. The owners pleaded that if the insurance had been properly effected, it would have indemnified them against the loss of the one-third freight stipulated to be returned ; but that by the negligence of the charterers in deviating from the usual course of business in effecting the insurance, the insurance had become worthless. Consequently, that the defendants had a right of action against the plaintiffs, to exactly the same amount as that which the plaintiffs had against them. This, if true, would have made the plea good in avoidance of circuity of action. It was held bad, on the ground that the damages for negligence in insuring were not necessarily the same as the freight to be returned. Maule, J., said, "I do not think that the concluding allegation sufficiently identifies the sum mentioned in the plea with that sought to be recovered by the declaration. That which is complained of in the plea would give the defendants a right of action against the plaintiffs, so soon as they were guilty of the negligence charged, and the defendant was thereby damnified. That which happened subsequently does not necessarily determine the amount of damages the defendant would be entitled to. A jury might have given exactly the same amount of damages before as after the loss. The question is, what damage has the party sustained at the time the cause of action vested in him ? If nothing had happened, and a policy might then have been effected, the jury would consider what was probable ; if the loss had then happened, they perhaps might have given the full amount ; but they were not bound to do so. There were a variety of circumstances which they might properly take into their consideration. Therefore, it is not a necessary and conclusive thing that the sum to be insured by the policy neither more nor less, is the sum which the plaintiffs would have to pay, but a compensation for the injury resulting from their negligence." "Perhaps, after the loss, they would be bound not to give more than the amount of the actual loss, when no greater loss could happen" (a). It

(a) *Charles v. Altin*, 15 C. B. 46, 65 ; 23 L. J. C. P. 197, 204.

will be observed that it was not necessary for the Court to lay down positively what the measure of damages would be, where the action was brought before a loss had arisen. It was sufficient for their purpose to show that they were not *necessarily* the full amount of the policy (*b*). This will account for the absence of any direct and positive assertion as to the rule of law in such a case.

Where a loss
has occurred.

There seems, on principle, no reason to doubt that *after* a loss had occurred, the measure of damages would be the exact value of the thing lost, which ought to have been insured. A later case expressly decides the point. R., the owner of a saw-mill, received from B. timber to be sawed. An agreement was made as to its being kept insured by R., as to which varying evidence was given. According to one account the agreement was, that R. should hold all B.'s timber insured from fire, and should pay its value if burnt. According to another account, the whole substance of what passed as to insurance was, that the goods should be always insured from fire. No written memorandum was made—no particular office was mentioned—no time for insurance was mentioned, nor any particular amount. No insurance was effected. The goods were burnt, and R. became bankrupt. B. applied to prove for the value of the timber. His right depended upon the question, whether his claim was for an ascertained amount, or for unliquidated damages. It was decided on appeal to the Lords Justices that his claim was admissible. The Court held that on the whole evidence they were satisfied that there was a contract on the part of the bankrupt to make good the value of the timber. Turner, L. J., however, added, "In any event it seems to be clear that there was a contract on the part of the bankrupt to insure the petitioner's timber, and that this insurance was to be made for the purpose of securing to the petitioner the value of his timber, in case it should be destroyed by fire; and under such circumstances, I apprehend, that the value of the timber would be the measure of damages in an action for breach of the contract." This being so, and the value of the timber being an ascertained thing in the market, the

(b) So in *Cuhill v. Dawson*, 3 C. B. N. S. 106; 26 L. J. C. P. 253.

amount of the claim of course became a mere matter of account (c).

Loans by insurance companies are frequently secured by the assignment of a policy effected with the company by the borrower, who covenants to keep up the policy by paying the premiums. Upon his failing to do so, companies have claimed to be entitled to recover in an action for breach of covenant the amount of unpaid premiums, but it has been held that this is not the proper measure of damages. If the company has effected a fresh insurance, and paid the premiums to other insurers, they may be entitled to recover what they have paid, but being themselves the insurers their real damage is the loss of the security. How this is to be estimated has not been suggested, but in the absence of any expense shown to have been caused by the breach, nominal damages have been held to be alone recoverable (d).

Loans secured
by assignment
of policy.

Where a deed by which the defendant assigned to the plaintiffs a policy of insurance upon his own life contained a covenant that he would not do anything by which the policy should be forfeited, and a forfeiture was caused by the defendant's going beyond the limits of Europe without the licence of the assurers, the damages were assessed upon the present value of the policy, to be assessed by an actuary, taking into consideration that the defendant covenanted to pay and should pay premiums on the policy (e).

Forfeiture of
policy.

(c) *Ex parte Buteman*, 20 Jur. 265 : 25 L. J. Bkcy. 19; approved by Erle, C. J., *Betteley v. Stainsby*, 12 C. B. N. S. at p. 499 : 31 L. J. C. P., at p. 342. In Upper Canada it has been on this principle laid down, that the measure of damages is the value of the premises lost to the plaintiff by the neglect to insure, not exceeding the sum in which the defendant was to have insured by his covenant : *Douglass v. Murphy*, 16 Upper Canada, Q. B. 113.

(d) *National Assurance Co. v. Best*, 2 H. & N. 605; 27 L. J. Ex. 19 : *Browne v. Price*, 4 C. B. N. S. 598; 27 L. J. C. P. 290. In this last case the deed provided that unpaid premiums paid by the plaintiffs should be added to the principal debt and charged upon the land, but contained no covenant by the defendant to repay premiums paid by them. See also *Warburg v. Tucker*, E. B. & E. 914; 28 L. J. Q. B. 56, in Ex. Ch. A mortgagee cannot insure and add the premiums to his mortgage debt, in the absence of an express contract authorising him to do so : *Brooke v. Stone*, 34 L. J. Ch. 251.

(e) *Hawkins v. Coulthurst*, 5 B. & S. 343; 33 L. J. Q. B. 192. An executor who dropped a policy on the life of a debtor to the testator's estate, without consulting those beneficially interested, was held liable for the whole sum which would have been recovered if he had kept up the policy : *Garner v. Moore*, 3 Drew, 277; 24 L. J. Ch. 687. See as

Covenant to
pay rates.

3. A covenant to pay rates is broken as soon as the rates are due, though no demand has been made (*f*). I can find no case in which any rule is laid down about the measure of damages in such an action. There would of course be a broad distinction, according as the rates were primarily payable by the person who covenants to pay them or not. For instance, if the landlord covenanted to pay what was usually tenant's taxes, this would be similar to a covenant to pay off incumbrances, and the whole amount of the tax would be recoverable, even though none had been paid by the tenant (*g*). On the other hand, the tenant may covenant to pay his own taxes, for which the landlord is not liable at all, except by means of legal process against his house. This would seem to be analogous to a covenant to repair, and the measure of damage would be the injury to the reversion, by having arrears of taxes due, distresses put in, and the like.

Alternative
covenants.

Where there are alternative covenants, and plaintiff declares for a breach of both, if money is paid, and accepted in satisfaction of one, the plaintiff is only entitled to nominal damages in respect of the other (*h*).

Covenant to
deliver up
possession.

4. In an action for breach of covenant to give up possession at the end of a term, the plaintiff can recover only the actual damage which he has sustained. This was ruled in a case in which the defendant was tenant to the plaintiff who was the owner of the equity of redemption. The lease contained a covenant to deliver up the premises and all fixtures therein at the expiration of the term. The term expired on the 1st April. The plaintiff demanded possession on the 10th, but it was not given. On the 13th April the mortgagee gave notice to the plaintiff to pay the rent and deliver up the premises to him. The plaintiff sued the defendant for breach of covenant in not delivering up the fixtures, and the defendant paid 5*l.* into Court, which the jury found to be sufficient to cover

to the breach of an agreement by a man to insure his life for the benefit of his family, where the life had become uninsurable before the time for effecting the policy had expired: *Re Arthur*, 14 Ch. D. 603; 49 L. J. Ch. 556. As to the mode of estimating the value of a policy in a life assurance company in course of liquidation, see *Holdich's Case*, L. R. 14 Eq. 73.

(*f*) *Daris v. Burrell*, 10 C. B. 821.

(*g*) See *Lethbridge v. Mytton*, 2 B. & Ad. 772; *ante*, p. 225.

(*h*) *Foley v. Addenbrooke*, 13 M. & W. 174.

the actual damage sustained by the plaintiff being deprived of the possession of the fixtures for three days. The plaintiff claimed to have the verdict entered for him for the full value of the fixtures, but a rule to that effect was discharged, *Martin, B.*, said that the absurd result would follow from the plaintiff's reasoning, that where a person hired a chattel and agreed to deliver it up on a certain day, but did not do so, and it afterwards turned out that the chattel was stolen, and the true owner demanded possession, the person who lent it might recover the whole value of the stolen chattel. No doubt he might maintain an action, because the person who hired the chattel agreed to deliver it up on a certain day, but he would only be entitled to nominal damages. In an action on a covenant in a lease to deliver up the land the sum to be recovered would not be the value of the land but the real damage sustained (*i*).

5. In an action for breach of covenant not to assign, an arbitrator in assessing damages was directed to find such a sum as would, as far as money could, put the plaintiff in the same position as if he had still the defendant's liability for the breaches of the other covenants, instead of the liability of a person of inferior ability, and to take into consideration breaches both past and future (*k*).

Covenant not to assign.

In a recent case (*l*) a tenant who was under covenant not to assign or sublet without written consent, with a proviso that such consent should not be unreasonably or capriciously withheld to a responsible assignee or sub-tenant, sublet, without asking permission to a person who intended, as he knew, to use the premises as a turpentine distillery. The premises were burnt down by a fire arising from their use as such distillery. The tenant was sued for breach of his covenant, and it was held that he was liable in damages for the full loss caused by the fire. The breach of covenant carried with it the very sort of danger against which the covenant was intended to guard. If, however, the premises had been sublet for the ordinary purposes of occupation to a tenant who was not known by previous

(*i*) *Watson v. Lane*, 11 Ex. 769; 25 L. J. Ex. 101. See also *Henderson v. Squire*, L. R. 4 Q. B. 170; 38 L. J. Q. B. 73.

(*k*) *Williams v. Earle*, L. R. 3 Q. B. 739; 9 B. & S. 740.

(*l*) *Lepla v. Rogers*, [1893] 1 Q. B. 31.

experience to be reckless or dangerous in his habits, nominal damages would in any case be recoverable, but not full damages resulting from an accident which was not the reasonable or probable consequence of the breach complained of.

Covenant
against ob-
noxious trade.

Covenants not to exercise specified trades, or to do acts which might be an annoyance, a nuisance or a danger to the inhabitants of the neighbourhood, will generally be enforced by injunction, and such injunction will be granted even though no pecuniary loss can be established (*m*). It is obvious that no amount of pecuniary damage would be an adequate form of redress against a tenant who chose to open a gin-palace in Grosvenor Square. If the lessor sued for damages, he would, of course, on the principles already stated, be entitled to such damages as would represent the injury to his reversion by lowering the character of his premises, and of the neighbourhood. If he had other property adjoining or in the vicinity of the premises, he would also be entitled to such damages as he would suffer by the diminution of value of such property. But even if he had no such property, it is suggested that he would be entitled to substantial damages, independent of the loss to the reversion. The object of the covenant is absolutely to forbid the act, not only in the interests of the lessor but for the benefit of the neighbours. They cannot sue upon the covenant but the lessor can. It would seem, therefore, that as regards one of its principal objects, the covenant would be nugatory unless the only person who could enforce it was able to recover such substantial damages as would prevent its infraction. It might well be that a breach of the covenant would not amount to such a nuisance as would entitle strangers to any remedy against the prohibited acts.

(*m*) *Tod-Heathly v. Benham*, 40 Ch. D. 80 ; 58 L. J. Ch. 83.

CHAPTER X.

CARRIERS.

I. Actions by Carriers.

1. *For Freight.*
2. *For Breach of Contract to provide Cargo.*
3. *For Detaining Ship.*
4. *For Loading Dangerous Goods.*

II. Actions against Carriers.

1. *For Breach of Contract to Carry.*
2. *For Injury or Loss to Goods.*

THE extensive commercial transactions of this country render contracts for the conveyance of goods a matter of great and daily importance, and the doctrine of damages, arising out of such contracts, presents some peculiar considerations.

There are some distinctions, principally statutory, between the liability of carriers by land and sea, but the whole subject may without confusion be examined in a single view.

Actions may be brought upon a contract of carriage, either by the carrier or by the owner of the goods. The former may sue for the cost of carriage, or for breach of the contract to employ him. The latter may sue for a refusal to convey the goods, or for their loss or injury.

I. Actions by carriers.

1. Actions for the price of carriage are generally much less complicated where the carriage is by land than by sea. A fruitful source of discussion, however, has sprung up between the railway companies and other carriers, on the subject of the charges made upon the latter for carrying goods, collected by them from various customers. One point of controversy arose out of the packed parcel question, viz., the right of the railway companies to impose peculiar terms upon the carriage of large packages of goods, in which a number of smaller packages were contained. These cases are so involved in the particular

Land
carriage.

Packed
parcels.

wording of the private Act, authorising tolls to be taken, that it would be impossible to attempt a statement of the facts. The general rule, however, is laid down beyond doubt, that where the company carries such parcels for any of the public, they must carry them for all on the same terms, and that the fact of their having issued orders, stating that they would no longer carry them, makes no difference, if, as a matter of fact, they do continue to carry them for some. Any overcharge may be recovered as money had and received to the use of the plaintiff (a).

Actions for freight.

On the other hand, questions of nicety very often arise in actions for freight due, on account of the various modes in which contracts for carriage by sea are formed, and the uncertainty that may prevail at the time of the contract as to the species of goods that are to be conveyed.

Where entire ship engaged.

Where the entire ship has been engaged at a specific price, or where a cargo has been loaded at a settled price per ton, of course the matter is simple enough. In the former case, the whole sum will be payable, though the merchant only fills part of the ship (b).

Where the covenant was to pay for hides at so much per pound net weight at the scales, and it appeared that the packages were wrapped in hides of an inferior quality, which are generally somewhat damaged, and the evidence varied as to whether freight was paid for them or not, or whether they paid duty:—Held, that they must pay both freight and duty (c).

When payment is to be made by the ton.

Where an entire ship, of a certain specified burthen, is hired, and the charterer agrees to pay a certain sum for every ton of

(a) *Parker v. G. W. Ry. Co.*, 7 M. & Gr. 253; 11 C. B. 545; *Edwards v. G. W. Ry. Co.*, 11 C. B. 588; *Crouch v. G. N. Ry. Co.*, 9 Ex. 556; *Crouch v. L. & N. W. Ry. Co.*, 14 C. B. 255; *Barendale v. G. W. Ry. Co.*, 14 C. B. N. S. 1; 32 L. J. C. P. 225; and 16 C. B. N. S. 137; 33 L. J. C. P. 197, in Ex. Ch.; *Barendale v. L. & S. W. Ry. Co.*, L. R. 1 Ex. 137; 35 L. J. Ex. 108; 4 H. & C. 130; *Sutton v. G. W. Ry. Co.*, 3 H. & C. 800; 35 L. J. Ex. 18; affirmed L. R. 4 H. L. 226; 38 L. J. Ex. 177. Under the Regulation of Railways Act, 1868, 31 & 32 Vict. c. 119, s. 17, railway companies are bound upon application to furnish accounts showing how much of their charge is for conveyance of goods upon the railway, and how much for collection, delivery, and other expenses.

(b) Abbott on Shipping, 410; 277, 5th ed.; 546, 13th ed. *Robinson v. Knights*, L. R. 8 C. P. 465; 42 L. J. C. P. 211; *Mackill v. Wright*, 14 App. Ca. 106.

(c) *Moorsom v. Page*, 4 Camp. 103.

goods which he shall have on board, but does not agree to supply a full cargo, he is only liable for the actual amount carried (*d*).

On the other hand, where he does agree to supply a full cargo, his liability is not limited to the tonnage expressed in the charter-party; and the burthen being described as 261 tons or thereabouts, whereas the vessel would really have held 400 tons, it was held that the merchant must pay for the entire amount he could have stowed. Of course, if there was a fraudulent representation it would be different (*e*). If part of the cargo has been delivered to, and received by the consignees, freight is payable upon it, even though the rest has not been delivered, and though it has not been landed at the port named in the charter-party, but at some other port to which the consignee directed the captain to come (*f*).

And a full cargo is to be supplied.

In the absence of any special contract, it is said that freight payable by weight is to be calculated upon the net weight, as ascertained at the king's landing scales, and not according to that expressed in the bill of lading (*g*). But where the bill of lading was of 100 lasts of wheat, in 2,092 bags, upon which freight was to be paid at 14*l.* sterling per last; the bill of lading bore date Dantzic; no evidence was given that the corn was measured at Dantzic by either party, but it appeared that the Dantzic last was much larger than the English, and that the English last was the one by which the defendant had purchased. The plaintiff therefore sought to be paid freight for 100 lasts, which the cargo was believed to amount to in English measure and which were expressed in the bill of lading. The defendant, on the other hand, claimed only to pay freight on such a reduced number of lasts as the whole cargo would amount to if measured by the Dantzic scale:—Held, that no evidence was admissible to vary the written contract, which stated the number of lasts to be 100, and that the plaintiff's mode of calculation was the true one (*h*).

Weight, how calculated.

(*d*) *James (Lady) v. East India Co.*, Abbott on Shipping, 412; 279, 5th ed.; 533, 13th ed.

(*e*) *Hunter v. Fry*, 2 B. & A. 421; *Thomas v. Clarke*, 2 Stark. 452; *Burker v. Windle*, 6 E. & B. 675; 25 L. J. Q. B. 349.

(*f*) *Christy v. Row*, 1 Taunt. 300. In that case the non-arrival at the right port, and the non-delivery of the rest of the cargo, arose from restraint of princes, a peril excepted against.

(*g*) *Geraldes v. Donison*, Holt, N. P. 346.

(*h*) *Moller v. Living*, 4 Taunt. 102.

Freight where cargo changes in bulk or weight.

Goods sometimes change in bulk or weight during a voyage or after delivery. In such cases it has been laid down that, special contract and usage of trade apart, freight is to be calculated and paid on that amount only which is put on board, carried throughout the whole voyage, and delivered to the merchant (*i*). Thus, where wheat increased in bulk from being wetted during the voyage, freight was recovered on the quantity shipped, and not on that delivered (*k*). And so where cotton shipped in compressed bales expanded on being unloaded (*l*).

Mode of calculating freight, which has been fixed with reference to articles that are not carried.

A case which has on several occasions caused a good deal of debate is that in which the rate of freight has been fixed with a view to certain articles, and either none or only some of these have been actually carried. The question has then been, What freight was payable on the remaining articles? The rule seems now, however, to be established as follows:—Where a charter-party provides for the carriage of various classes of goods at specified rates, and gives no permission for the substitution of other goods; or permits, but does not provide a scale of payment for such substituted goods; in either case, the freight payable in respect of them is calculated upon an average of what would have been earned by carrying a similar amount of all the enumerated articles in equal quantities (*m*).

But where some of the enumerated articles are limited as to the amount which may be carried, and that amount has been reached, the freight of the non-enumerated articles can only be

(*i*) *Gibson v. Sturge*, 10 Ex. 622; 24 L. J. Ex. 121; *Buckle v. Knoop*, L. R. 2 Ex. 333; 36 L. J. Ex. 223, in Ex. Ch. In both of these cases the cargo had increased in bulk. Willes, J., in his elaborate judgment in *Dakin v. Oxley*, 15 C. B. N. S. 646; 33 L. J. C. P. 115, after mentioning the rule as applicable to cases where the cargo has accidentally swelled, speaks of it as "perhaps" applying where the cargo has diminished and draws attention to some arbitrary provisions in foreign codes respecting loss of liquids. In the West India trade, freight of sugar and molasses is said to be regulated by the weight of the casks at the port of delivery, the loss of freight by leakage falling on the owners of the ship. Abbott on Shipping, p. 296, 5th ed.; 579, 13th ed. This would seem to follow naturally from the rule laid down in *Gibson v. Sturge*, that to constitute a title to freight, the commodity must be "shipped, carried and delivered."

(*k*) *Gibson v. Sturge*, *supra*.

(*l*) *Buckle v. Knoop*, *supra*. In that case it was found to be usual to ship cotton at Bombay in compressed bales. In *Coulthurst v. Sweet*, L. R. 1 C. P. 649, there were express words making the freight payable per ton, "nett weight delivered."

(*m*) *Copper v. Forster*, 3 B. N. C. 938.

calculated on an average of the remaining articles (*n*). And in all cases where a particular class of goods are to be calculated according to a particular scale of bulk, &c., that scale must be applied in estimating the freight, though were it not for the agreement, it would furnish an incorrect standard of measurement (*o*).

The facts of the above three classes of cases were these:—

1. A charter-party provided that the merchant should ship a full and complete cargo of lawful merchandise, which was to be *delivered up on being paid freight as follows*: viz., for gum, bees'-wax, ivory, and palm-oil, 4*l.* per ton: hides, 7*l.* per ton: rice, 3*l.* per ton. A full cargo was not shipped, and it was held on the authority of *Thomas v. Clarke* (*p*) that the same rule should be applied to a deficient cargo as to a full cargo, or to none at all, and that the shortcoming should be calculated by an average of what might have been shipped of all the articles specified (*q*).

Specified
articles
unlimited.

2. Covenant to load a full cargo of wool, tallow, bark, or other legal merchandise, the entire quantity of bark not to exceed 100 tons, and the quantity of tallow and hides not to exceed 80, to be delivered up *on being paid freight as follows*: pressed wool 1½*d.* per pound; unpressed, 1¾*d.* per pound: tallow, 3*l.* per ton; bark, 4*l.* per ton; and hides, 2*l.* per ton; the latter not to exceed 20 tons, without the consent of the captain. She brought home less than the stipulated quantity of some of the articles, more of others and some not named at all:—Held, that the owners were entitled to payment as if she had brought home the full amount of the enumerated goods, viz., 100 tons of bark, 60 of tallow, and 20 of hides, and the remainder wool pressed or unpressed (*r*).

Specified
articles
limited in
quantity.

3. In the last case there was a proviso for shipment of a full cargo of *produce*, freight to be paid at and after the rate of 5*s.* 6*d.* per barrel of flour, meal and naval stores, and 11*s.* per quarter of 480 pounds of Indian and other grain. The cargo was not to consist of less than 3,000 barrels of flour, meal, or

Specified
articles of de-
fined weight.

(*n*) *Cockburn v. Alexander*, 6 C. B. 791; 18 L. J. C. P. 74.

(*o*) *Warren v. Peabody*, 8 C. B. 800; 19 L. J. C. P. 43.

(*p*) 2 Stark. 450.

(*q*) *Copper v. Forster*, 3 B. N. C. 938.

(*r*) *Cockburn v. Alexander*, *ubi sup.*

naval stores, and not less flour or meal than naval stores was to be shipped. The full amount of flour, meal and naval stores was not shipped, other articles were ; among them 2,000 bushels of oats. A quarter of the latter weighed less, and occupied more room, than Indian corn. It was held that the owner was entitled to freight, as if the stipulated amount of flour, meal, and naval stores, in their respective portions, had been put on board, and the remainder of the space had been filled with grain, averaging 480 pounds to the quarter, and paying 11s. (s).

Evidence in
reduction of
damages.

Where there is an agreement for a specific freight, no evidence can be given of a deficient performance of contract not amounting to breach of condition precedent, with a view to reduce the damages ; though it would be otherwise if the action were on a *quantum meruit*. For instance, evidence cannot be offered of a deviation which caused delay and expense (t). Nor of injury caused to the contents of some of the packages by the negligence of the master, in not ventilating them sufficiently (u). And where the freighter engages a ship for a certain time the owner to keep her in repair, he cannot claim to deduct from the freight any time during which she is under repairs, and, therefore, lying idle (x). So, where there is an agreement to pay pilotage and port charges, for an entire voyage, and only part of the cargo is delivered if this is received, the whole of the charges must be paid, and there can be no apportionment (y). Nor can the value of missing goods be deducted from the freight payable in respect of goods delivered (z). And where the entire ship is engaged for the carriage of a cargo, and a lump sum is agreed on as freight, to be paid after entire discharge and right delivery of the cargo, if part of the cargo is lost from fire, perils of the sea, or other

(s) *Warren v. Peabody*, 8 C. B. 800.

(t) *Bornmann v. Toole*, 1 Camp. 377.

(u) *Davidson v. Gwynne*, 12 East, 381. A set-off for culpable damage in an action for freight is allowed in some of the United States : *Dakin v. Orley*, 15 C. B. N. S. at p. 667 ; 33 L. J. C. P. at p. 120, *per* Willes, J., citing 1 Parson's Mercantile Law, 172 n. If the damage amounts to absolute destruction, the shipowners are not ready to deliver, and therefore cannot sue for freight : *Duthie v. Hilton*, L. R. 4 C. P. 138.

(x) *Harelock v. Geddes*, 10 East, 555 ; *Ripley v. Sciffe*, 5 B. & C. 167.

(y) *Christy v. Row*, 1 Taunt. 300.

(z) *Meyer v. Dresser*, 16 C. B. N. S. 646 ; 33 L. J. C. P. 289.

cause, not attributable to master or crew, the shipowner is entitled to his entire freight, without any deduction for the portion that has been lost (a).

But damages for injuries which are not strictly matters of set-off or deduction can now be recovered by proper counter-claims.

2. In actions for supplying no cargo or an incomplete one, the measure of damages is the difference between what the plaintiff would have earned if the contract had been fulfilled, and that which he has earned, notwithstanding the breach (b).

Breach of
contract to
supply cargo.

The amount which he would have earned is open to the same questions, and decided upon the same principles, as the amount of freight payable (c). Upon this point, Maule, J., says in *Cockburn v. Alexander* (d), "It may be that in cases of this sort, different amounts might, under different states of circumstances, be the proper measure of damage." "If you could show that there were goods which the charterer might have obtained, then the proper measure of damages would be the non-shipment of that cargo. But if there were none, it may be that in ascertaining the damage an average is to be taken of all kinds of goods. It is in that way I think that Lord Tenterden arrived at the opinion he expressed in *Thomas v. Clarke*, viz., that where there is no cargo at all to be had, the average is to be taken of all possible kinds of cargo; that is, that you are to assume, contrary to the fact that there are goods of each of the kinds enumerated, because the obtaining goods of any one kind, where none are in truth obtained, cannot *a priori* be considered as more probable than the obtaining of any of the other. But whatever may be the default made

(a) *The Norway*, 3 Moo. P. C. N. S. 245; *Robinson v. Knights*, L. R. 8 C. P. 465; 42 L. J. C. P. 211; *Merchant Shipping Co. v. Armitage*, L. R. 9 Q. B. 99; 43 L. J. Q. B. 24. See, too, *Stewart v. Rogerson*, L. R. 6 C. P. 424, where it was held, that on a refusal to accept cargo the measure of damages was the full freight payable; and that this would not be affected even by a subsequent inability to deliver the cargo.

(b) *Hunter v. Fry*, 2 B. & A. 421, 424 *et seq.* In calculating net earnings, the expenses must be deducted: *Smith v. McGuire*, 3 H. & N. 554; 27 L. J. Ex. 465; *McLean v. Fleming*, L. R. 2 Sc. & D. 128; *Morris v. Levinson*, 1 C. P. D. 155; 45 L. J. C. P. 409.

(c) See as to cases where a scale of freight is fixed for certain articles which are not actually carried, or not to the stipulated extent: *Thomas v. Clarke*, 2 Stark. 450, and *ante*, p. 299.

(d) 6 C. B. 814.

by the charterer the captain is still bound to do his best to obtain freight, and where *after* breach by the defendant he has refused an offer, the measure of damages is what the charterer ought to have paid, minus what the owner might have got. But he is not bound to accept any offer before the final breach by the defendant (e).

*Aitken v.
Ernsthausen.*

The following curious case illustrates both branches of the above rule. By a charter-party which contained the usual exception as to fire, the defendants bound themselves to load the plaintiff's ship at Calcutta with a full cargo of bales of jute, the freight on which, as between owner and charterer, was to be 1*l.* 17*s.* 6*d.* per ton. A full cargo would have consisted of 15,061 bales, the freight on which at the above rate would have been 5,647*l.* 17*s.* 6*d.* The charterers put on board 7,545 bales, of which 5,458 were burnt immediately after shipment. This caused considerable delay, and the charterers refused to supply any further cargo, for reasons which were admittedly unsound. The owners then filled up the entire ship, first with the 2,087 unburnt bales, and secondly with other cargo on their own account, for which they received freight amounting to 2,862*l.* 7*s.* It was admitted that the charterers were not liable to freight for the bales which were burnt, and that they were liable for freight on the bales which they had never shipped. They contended, however, that in estimating the damages they were entitled to deduct the entire sum earned by the owners on their own account. It was admitted that they were so entitled as regards the space which they had never attempted to fill. As regards the space occupied by the bales which had been burnt, it was held that they were not so entitled; the latter space was taken out of the contract by the fire, and the exemption applying to it. It became a space which the charterer was not bound to fill up again, and out of which the owner could derive no benefit under the charter-party. Any freight, earned by filling up that space, was his own.

(e) *Harries v. Edmonds*, 1 C. & K. 686, *per* Parke, B. In *Smith v. McGuire*, *ubi supra*, Martin, B., declined to say that the captain was bound to look for employment for his ship, though whatever the ship did earn the defendant would be entitled to have deducted. It has been said that if the captain's conduct has been unreasonable, the jury may diminish the damages on that account: *Wilson v. Hicks*, 26 L. J. Ex. 242; *ante*, p. 180.

Upon the application of these principles, a further question arose as to the calculation of damages. The actual freight payable by the consignee upon the bales originally shipped before the fire was 1*l.* 5*s.* per ton. To make up the value agreed upon, the remaining space would have had to be filled up with bales which would have earned a freight in excess of 1*l.* 17*s.* 6*d.* per ton, sufficient to bring up the entire freight to an average which would have produced 5,647*l.* 17*s.* 6*d.* This excess came to 128*l.* The freight on the burnt bales could only be calculated at 1*l.* 5*s.* Therefore, notwithstanding the fire, the entire 128*l.* was due in respect of the space originally filled. The actual calculation of money due to the owners was made up as follows :—First, freight actually received on the unburnt bales, plus 128*l.* Secondly, freight at 1*l.* 17*s.* 6*d.* per ton on the space left vacant before the fire. Thirdly, commission on procuring the freight with which this latter space was filled up. From the aggregate of these sums the freight actually received upon the vacant space was to be deducted, the freight for the burnt out space remaining the absolute property of the owners (*f*).

Where the charter-party allows the freighter to load several different species of goods *alternatively*, he may fill up the load with any he pleases, though in the way least beneficial to the owner, provided he does not exceed the limits specified, if any. (Of course, if he does exceed those limits, he may pay as if the cargo in excess was of a nature permitted. (Covenant to take on board a full cargo of copper, tallow, and hides, or other goods, but not more than 50 tons of copper and tallow, nor more than 15 tons of copper; covenant to furnish a full cargo of copper, tallow, and hides, or other goods, as above mentioned at certain rates. Defendant provided a quantity of tallow, and as much hides as the vessel could carry, but no copper. In consequence, she had to keep in her ballast, the place of which might have been supplied by the copper, and lost so much freight, for which the action was brought. Lord Ellenborough said, "The parties very likely intended that copper should necessarily form a part of the cargo, but they have not said so. The covenant leaves a latitude to the freighter to furnish a

Choice of
cargo.

cargo of 'copper, tallow, hides, or other goods.' Therefore, if the ship had as large a quantity of tallow and hides as she could take on board, I think the covenant has been performed" (g). It will be observed that the plaintiff sought to obtain not only a full cargo, which he had, but something more, viz., to turn the ballast, which is generally waste weight, into productive freight. Now, as Tindal, C. J., remarked in *Irvine v. Clegg* (h), "it is the duty of the owner to find proper ballast for the ship." And any agreement which would have the effect of transferring this obligation to the charterer would be interpreted very strictly. In the last-named case it was agreed that the freighter should ship a full cargo of certain specified goods: "100 tons of rice or sugar to be shipped previous to any other part of the loading, to ballast the vessel." The 100 tons were shipped, but were not sufficient for ballast, and the owner had to take on board 36 tons of stones. It was held that the freighter had done his duty in loading the 100 tons, that the agreement with regard to them was for the benefit of the owner in ensuring him a freight for what would otherwise be unproductive, but that except so far as the special agreement extended, it left his obligation to find ballast just as it was at first (i).

Amount of
cargo speci-
fied.

Where a charter-party provided that a ship should load "a full and complete cargo, say about 1,100 tons"; it was held that these were not words of expectation but of contract, and meant that if the ship held less than 1,100 tons the charterer's obligation was to be satisfied by loading a full cargo, but that if she was of greater capacity than 1,100 tons, the shipowner would be content with about 1,100 tons as a full cargo. The capacity of the ship turned out to be 1,210 tons, while the charterer only provided 1,080. The shipowner claimed payment on the difference. The Court applying the above construction of the contract, ruled that 3 per cent. above the

(g) *Moorsom v. Page*, 4 Camp. 103.

(h) 1 B. N. C. 53.

(i) 1 B. N. C. 53, 58. And see *Southampton Steam Colliery Co. v. Clarke*, L. R. 4 Ex. 73; 38 L. J. Ex. 54; affirmed in Ex. Ch. L. R. 6 Ex. 40; 40 L. J. Ex. 8. Whether in addition to the cargo the charterer is to fill up with broken stowage, depends on the terms of the charter-party: *Cole v. Meek*, 15 C. B. N. S. 795; 33 L. J. C. P. 183; *Duckett v. Terfield*, L. R. 3 C. P. 227; 37 L. J. C. P. 144.

1,100 tons was a fair allowance to be made in favour of the shipowner, and that he was entitled, not to the full amount, which he claimed, but to a freight calculated on the difference between 1,080 tons actually loaded, and 1,133 the estimated capacity of the ship (*j*).

If there is a known and recognised custom of loading, at the port to which the charter-party refers, this custom will, according to the well-known rule of evidence (*k*), be incorporated in the contract, and, if departed from, to the loss of the owner, damages will be estimated accordingly (*l*). Accordingly, where, by the practice of the port, cotton bales for exportation were always compressed by machinery, the furnishing a cargo of uncompressed cotton bales was held not to be a compliance with the contract to load a full cargo. The same charter-party gave the freighter an option either to load the whole ship with cotton at a high freight, or part of it with cotton, and the remainder with rice at a lower freight. The latter, if loaded at all, would have to be put on board first. It was held that by beginning to load with cotton, the freighter had elected to furnish a full cargo of it, and that damages for not supplying such a cargo must be estimated at the higher freight (*m*).

Evidence of custom.

Sometimes there is a stipulation that in case the charterer cannot find a cargo, he shall pay a certain sum, and in such cases questions often arise as to his right to be allowed for freight subsequently earned by the ship. It would appear from the cases, that where the right of the shipowner to the sum specified has once absolutely vested, he may earn as much as he can, and retain it, over and above the payment from the charterer. A ship was freighted for a voyage to Petersburg and back at so much per ton measurement. She was to take a single cargo of lead out, and to bring home a return cargo. If from political circumstances she should remain forty days at Petersburg without the outward cargo being unloaded, and consequently without the return cargo being loaded, the captain was to return to England, and be paid a gross sum, which

Right of charterer who has not supplied a cargo to be allowed for freight earned afterwards.

(*j*) *Morris v. Lerison*, 1 C. P. D. 155; 45 L. J. C. P. 409.

(*k*) Tayl. Ev. s. 1161. See p. 986 *et seq.*, 8th ed.; p. 726 *et seq.*, 9th ed.

(*l*) *Wallace v. Small*, cited 1 B. N. C. 55.

(*m*) *Benson v. Schneider*, 7 Taunt. 272. And see *Buckle v. Knoop*, *ante*, p. 298; *Pust v. Dowie*, 5 B. & S. 20; 33 L. J. Q. B. 172.

was less than the money payable per ton. The cargo could not be unloaded, and the captain returned as agreed, bringing back the lead, but on his way home he obtained further freight and earned money:—Held that he was entitled to retain it. On the whole construction of the charter-party it was considered to amount to an alternative agreement, either to load a return cargo, and pay so much per ton, or to pay a gross sum for the conveyance of the lead to Petersburg and back again. In the latter event there was no reason why the captain should not earn what else he could by taking other people's goods on board for his own benefit (*n*). On the other hand, where, under a similar state of things, the master, instead of bringing the goods home, sold them at Stockholm, and brought home another cargo upon which he earned freight, it was held that the amount so earned must be deducted from the amount payable by the freighters (*o*). With regard to this case, Mansfield, C. J., says (*p*), "For aught that appears the means which the captain had of obtaining any freight at Stockholm might arise from the use he made of the lead there; and on that account perhaps the Court of King's Bench might think that the captain, who had not been authorised, or directed, to act thus, but had done all this for his own benefit, should not be entitled to that profit, leaving the underwriters to pay the whole 2,500*l*." Should such a case recur, the question will probably be, whether the captain was bound to bring back the cargo, as it seems to have been assumed in the above cases he was. If so, any money earned by not bringing it home would clearly be earned for the benefit of the freighters, if they chose to ratify his act. If, however, there was nothing to prevent him putting the goods on shore, or throwing them overboard, unless received from him, it is hard to see what difference it could make as to the freight of the goods substituted, that they had been sold instead of cast away.

If, however, the freighters have not followed the agreement in such a manner as to entitle themselves to pay the stipulated sum in full discharge of all damage, their case will return to

Where charterer has not become liable to pay penalty.

(*n*) *Bell v. Puller*, 2 Taunt. 285.

(*o*) *Puller v. Staniforth*, 11 East. 232.

(*p*) 2 Taunt. 300.

the ordinary rules, and while they on the one hand may become liable to pay more than that sum, so the owners may be entitled to demand less. The defendants chartered a ship to New Zealand, and it was agreed that they were to load her there, or by their agent to give notice that they abandoned the adventure, in which case they were to pay 500*l*. On the ship's arrival there was no agent of theirs, either to supply a cargo, or to abandon the adventure. The captain waited the prescribed time, and then went in search of freight, and ultimately obtained a cargo far more remunerative than that which the defendants were bound to supply. He claimed to retain the freight and to recover the 500*l*. also. It was held, however,—1st, that if the defendants had given due notice of abandonment, their obligation to pay the 500*l*. would have become absolute, and that while the plaintiff could have recovered no more, whatever his loss had been, they could have claimed no reduction on account of his gains. 2ndly, that as no notice of abandonment had been given, their right to close the transaction by payment of 500*l*. had never attached, nor on the other hand the right of the plaintiff to demand this sum. Therefore the contract remained as if there had never been such a stipulation. If the plaintiff had lost more than 500*l*. he might have recovered more ; but as he had in fact lost nothing, he was only entitled to nominal damages for the breach of contract (*q*).

If the charterer himself consents to the owner's making any profit of his ship, as for instance, by taking an intermediate trip between the outward and homeward voyage, no claim to a reduction of freight can be set up on this account, even though the result of the indulgence may be that higher freight is payable by the defendant (*r*).

3. Claims by the shipowner against the charterer for improper detention of the ship are generally provided for by the clause regulating the rates for demurrage (*s*). In cases not so covered, the questions will be : first, what did the charterer undertake to do ; secondly, what was the natural result of his failure to do it. A charter-party provided that a ship should

Improper
detention of
ship.

(*q*) *Staniforth v. Lyall*, 7 Bing. 169.

(*r*) *Wiggins v. Johnston*, 14 M. & W. 609.

(*s*) See *Sanguinetti v. Pacific Steam Nav. Co.*, 2 Q. B. D. 238 : *French v. Gerber*, 2 C. P. D. 247.

go to a foreign port for cargo, "and there, in the usual and accustomed manner, load in her regular turn." When her turn came the defendant was not ready to load her, and she was detained eleven days. When her turn came round again the defendant was ready, but the wind coming on to blow, and the harbour being crowded, the harbour master refused to allow the ship to go up to load, and she was delayed three days more. The plaintiff sued on the charter-party claiming damages for the detention. It was held that the proximate cause of the detention for the three days was the default of the defendant in not performing his contract to load in regular turn, and that he was liable to pay for the three days as well as for the eleven (t).

Where a charter-party provided for the arrival of five steamers, as nearly as possible a steamer a month, the agreement containing clauses excepting perils of the sea, and giving each steamer liberty to tow and assist vessels in distress, and providing that the charterers should present cargo within twenty-four hours after notice of the ship's readiness to receive it, the following facts arose :—No. 2 steamer arrived about a fortnight late, owing to perils of the sea. No. 3 arrived punctually. While No. 2 was being loaded, there was not sufficient labour at the port to load two ships at once, and No. 3 was delayed till the loading of No. 2 was completed. No. 4 arrived three weeks late in consequence of having towed a ship in distress; it being found by an arbitrator that the towage was not such as to frustrate the adventure as between the charterers and owner. The charterers were not ready to supply cargo on arrival, and No. 4 was delayed from 13th December to 3rd January when delivery began. It was held that both delays on the part of the ship were provided for by the charter-party, and that neither furnished any excuse for the omission to tender cargo, and that the charterers were entitled to the demurrage (u).

4. There is an implied undertaking on the part of shippers of goods on board a general ship that they will not, without

Dangerous
goods.

(t) *Jones v. Adamson*, 1 Ex. D. 60; 45 L. J. Ex. 64. See for a somewhat similar case: *Harris v. Jacobs*, 15 Q. B. D. 247; 54 L. J. Q. B. 492. As to delays caused by strikes, see *Hick v. Raymond*, [1893] A. C. 22; 62 L. J. Q. B. 98; *Castlegate S. S. Co. v. Dempsey*, [1892] 1 Q. B. 854; 61 L. J. Q. B. 620. *The Alne Holme*, [1893] P. 173; 62 L. J. P. D. A. 51.

(u) *Potter v. Burrell*, [1897] 1 Q. B. 97; 66 L. J. Q. B. 63.

giving notice, ship packages of a dangerous nature, which the servants of the shipowner may not, on inspection, be reasonably expected to know to be of a dangerous nature. In case of such a shipment causing damage, the shipowner must compensate the shippers of other goods sustaining damage, and will have a remedy against the shipper of the goods which have caused the calamity (*v*). And so if personal injury is caused to the carrier or his servants, and it is the probable consequence of not giving notice, the sender is responsible (*u*). By 29 & 30 Vict. c. 69, carriers may refuse to receive goods declared to be specially dangerous, and penalties are imposed on persons sending them without notice.

II. Actions against carriers fall under the heads of actions for not carrying at all, or for delay in carrying, or for loss of or injury to the goods or persons carried. Many of the decisions upon these points have already been cited and commented upon.

1. Damages against the owner of the ship for not taking a cargo are regulated, on exactly the same principles as those against the freighter for not supplying it, by the amount of damages actually and necessarily incurred (*x*). If the freighter could not procure any other ship, the damages would of course be measured by the injury suffered, from having his cargo left on his hands; bearing, however, in mind, that in all such cases the damages suffered must be such as the contracting parties were led to contemplate (*y*). If another ship could be procured, the damages would be measured by the increased rate of freight payable (*z*), and if such freight was in fact less than that contracted for, the damages would of course be

Actions
against
carriers for
not taking
goods.

(*v*) *Brass v. Maitland*, 6 E. & B. 470, 483; 26 L. J. Q. B. 49. The shipper's duty was, by Crompton, J., limited to the obligation to take proper care not to deliver dangerous goods without notice. When the owner of the vessel has an opportunity of inspecting the goods tendered for shipment, and they have no concealed defects which would prevent his forming an opinion of their fitness to be carried, no warranty of fitness can be inferred on the part of the owner of the goods: *Acutos v. Burns*, 3 Ex. D. 282; 47 L. J. Ex. 566.

(*w*) *Farrant v. Barnes*, 11 C. B. N. S. 553; 31 L. J. C. P. 137.

(*x*) *Hunter v. Fry*, 2 B. & A. 421, 427; *Walton v. Fothergill*, 7 C. & P. 392.

(*y*) *Hadley v. Barendale*, 9 Ex. 341; 23 L. J. Ex. 179.

(*z*) *Higginson v. Weld*, 80 Mass. 165; *Featherston v. Wilkinson*, L. R. 8 Ex. 122; 42 L. J. Ex. 78.

Damages too
remote.

merely nominal for breach of contract (*a*). In all cases, however, the damages must be the necessary and immediate consequence of the breach committed. A ship's husband covenanted to load brandy on board a ship, and proceed with it to Madeira, and the merchant covenanted to pay freight for it there, and load it with a full cargo home. The merchant arranged at Madeira to barter the brandy which he expected for fruit, which was to form the cargo home. No brandy arrived, in consequence of which he was unable to procure a cargo. The ship's husband sued and recovered against him for not supplying cargo. He then sued the ship's husband for not bringing the brandy, laying as special damage that by reason of his not doing so, plaintiff had been unable to procure a return cargo, and in this way he claimed to recover the amount paid in the former action and its costs. It was held that such damage was too remote, and Tindal, C. J., said, if I contract to transfer stock and do not, the party with whom I contracted has no right to tell me a month afterwards that if I had transferred the stock he could have bought an estate with the money. There was the case of a man who brought an action against the keeper of a ferry-boat for refusing to carry him across a river, in consequence of which he sustained loss by not being able to keep an appointment. But it was held that he could not recover damages on any such ground" (*b*).

Natural result
of breach.

If, however, the plaintiff, in order to perform a contract, is forced to buy other goods at an increased price, in consequence of the non-arrival of those which the defendant had contracted to bring, this, it seems, is such a natural result of the defendant's neglect as to entitle him to recover his loss (*c*).

And so where the defendant agreed to carry 1,300 tons of coal from the Tyne to Havre, and by the custom of the colliery trade the plaintiff was not allowed to secure a cargo till his vessel was ready, and the defendant made default, and the price of coal rose before the plaintiff could charter another vessel: it was held that the defendant was bound to make good the loss occasioned by the difference of price, as it did not appear that there was any corresponding rise of price at Havre (*d*).

Hyne v. Hough, L. R. 9 C. P. at p. 137; 43 L. J. C. P. 70.

Walton v. Fothergill, 7 C. & P. 394.

Walton v. Fothergill, *ubi sup.*

Witherston v. Wilkinson, L. R. 8 Ex. 122; 42 L. J. Ex. 78.

In the case of carriers by land an absolute failure to carry goods, in the sense of never commencing the carriage, seldom occurs. In the well-known instance of the war waged by the railway companies against carrying packed parcels, it was intimated by Martin, B., that very heavy damages might be given, if it were established that the defendants designedly refused to take parcels which they were bound by law to take, for the purpose of getting a monopoly in their hands, and destroying the plaintiff's trade (*e*). The declaration, however, did not admit of the point being decided.

Malicious refusal to carry.

In a case in Ireland a railway company had contracted to carry hay at so much per waggon, and to supply a particular description of large waggon for the purpose. They failed to do so. The plaintiff delivered five tons of hay, which they carried in the ordinary small waggon, thereby causing increased cost to the owner. The plaintiff kept back the remainder of the hay for some time, and then sold it, after notice to the company, at less than cost price. It was held that the plaintiff could only recover the extra cost of conveyance arising from the freight being calculated upon a waggon of less carrying power. That, as he had only sent five tons, the damages could only be assessed in reference to this quantity, and that he was not entitled to claim either for loss of profits which he would have obtained, if all the hay had been carried to its destination, or for the loss incurred by selling the hay where it was, instead of sending it on (*f*).

Failure to supply particular sort of conveyance.

Where the contract is to carry passengers, a failure to do so entitles them to procure another conveyance, and to charge the defaulting party with the expense of the substituted conveyance, and with all other expenses necessarily and properly incurred. A shipowner and emigration agent advertised ships to sail on fixed days, for which written guaranties would be given. The plaintiff paid half the passage-money for himself and his family by the ship appointed to leave on the 25th August, but neither asked for nor got a written guaranty of the date of sailing. On arriving at the port of departure the plaintiff was informed that the vessel would not sail till the 3rd September, and he then took a passage by another ship which

Failure to carry passengers.

(*e*) *Crouch v. G. N. Ry. Co.*, 11 Ex. 742; 25 L. J. Ex. 137.

(*f*) *Irvine v. Midland Gt. Western Ry. Co.*, 6 L. R. Ir. 55.

was to leave on the 1st. It was held that the advertisement amounted to a guaranty of the date of sailing, and that the plaintiff was entitled to recover the passage-money he had paid, and the expenses he had incurred during his detention (*g*). And on the same principle, where a railway company advertises that they will run trains in such a manner as to enable passengers to reach a particular place at a particular time, if a passenger takes a ticket, or is ready to take a ticket for that place, and the company fail to carry out their part of the contract, they will be liable for the reasonable consequences of their default; such as hotel expenses, or the expense of procuring another conveyance, if the circumstances are such that it would be proper for the passenger to take another conveyance instead of waiting for the next train (*h*). And mere inconvenience will be a ground for damage, if it is such as is capable of being stated in a tangible form, and assessed at a money value (*i*). But circumstances which could not have been foreseen, and are therefore not the natural result of the breach of the contract, cannot be made the ground of a claim for damages; as for instance, that the passenger caught a cold from having to walk, or lost an appointment by not arriving in time to apply for it (*j*).

Delay in
carrying.

2. Damages for delay in carrying passengers or goods will be governed by the same principles. Where the result of the delay is absolutely to destroy the goods, as in the case of fruit, fish, flowers, game, meat, or the like, if their nature was known, the whole value would be recoverable (*k*). And it appears to be now settled, that in the case of goods sent by land which are, or may be supposed to be consigned for immediate sale, the defendants would be liable to make good any diminution in their value caused by a fall in the ordinary market price. But in the case of goods sent by a long sea voyage, no such ground of damage would be allowed, nor any damages occasioned by

(*g*) *Cranston v. Marshall*, 5 Ex. 395; 19 L. J. Ex. 340.

(*h*) *Denton v. G. N. Ry. Co.*, 5 E. & B. 860; 25 L. J. Q. B. 129; *Hamlin v. G. N. Ry. Co.*, 1 H. & N. 408; 26 L. J. Ex. 20; *Le Blanche v. L. & N. W. Ry. Co.*, 1 C. P. D. 286; 45 L. J. C. P. 521; see *ante*, p. 19.

(*i*) *Hamlin v. G. N. Ry. Co.*, *ubi sup.*; *Hobbs v. L. & S. W. Ry. Co.*, L. R. 10 Q. B. 111; 44 L. J. Q. B. 49.

(*j*) See *per Cockburn, C. J.*, in *Hobbs v. L. & S. W. Ry. Co.*, *ubi sup.*; *ante*, p. 49.

(*k*) *Margetson v. Glynn*, [1892] 1 Q. B. 337; 61 L. J. Q. B. 186.

the mere fact of detention, beyond interest on the invoice price of the goods (*l*). Nor can damages ever be recovered in consequence of the loss of a special contract, by virtue of which the goods were to be resold on arrival at a rate higher than the general market rate, unless such special contract was communicated to the defendant, and he had contracted to be answerable for such special damage (*m*).

So also other expenses, properly and naturally arising from the detention of goods, will be recoverable as damages in an action for negligence. As, for instance, the fair and reasonable cost of searching for the goods, such as cab-hire, messengers, postage, and the like; or of purchasing similar goods at the place of their destination, where they were required for use. But not special outlay incurred by the consignee in waiting at the place of destination to receive the goods (*n*), or in removing the goods to another and more profitable market (*o*).

Reasonable
expenses
incurred.

Lastly, it is to be remembered, that a carrier can never be held responsible in damages for loss resulting from his delay where such loss arose not from the delay alone, but from the existence of other circumstances unknown to him, which made the delay be specially injurious. And it seems also that even knowledge of those circumstances would not create a liability to reimburse the loss without a contract to that effect (*p*). Nor in any case where the delay is not the proximate cause of the injury complained of, but only a secondary or remote cause (*q*).

Remote
damages.

(*l*) *The Parana*, 2 P. D. 118; see *ante*, p. 16: *The Notting Hill*, 9 P. D. 105; 53 L. J. P. D. & A. 56: *Wilson v. Lancashire & Yorkshire Ry. Co.*, 9 C. B. N. S. 632; 30 L. J. C. P. 232: *Collard v. S. E. Ry. Co.*, 7 H. & N. 79; 30 L. J. Ex. 393; *ante*, p. 15.

(*m*) *Horne v. Midland Ry. Co.*, L. R. 7 C. P. 583; 41 L. J. C. P. 264; affirmed, L. R. 8 C. P. 131; 42 L. J. C. P. 59; *ante*, pp. 29, 33: *Rhodocanachi v. Milburn*, 18 Q. B. D. 67; 56 L. J. Q. B. 202.

(*n*) *Woodger v. G. W. Ry. Co.*, L. R. 2 C. P. 318; 36 L. J. C. P. 177; *Millen v. Brash*, 8 Q. B. D. 35; 51 L. J. Q. B. 166; reversed on another point, 10 Q. B. D. 142; 52 L. J. Q. B. 127.

(*o*) *Black v. Bazendale*, 1 Ex. 410; 17 L. J. Ex. 50. See the remarks of Bovill, C. J., upon this case, L. R. 2 C. P. 321.

(*p*) *Hadley v. Bazendale*, 9 Ex. 341; 23 L. J. Ex. 179, *ante*, p. 11: *Gee v. Lancashire & Yorkshire Ry. Co.*, 6 H. & N. 211; 30 L. J. Ex. 11, *ante*, p. 26; *G. W. Ry. Co. v. Redmayne*, L. R. 1 C. P. 329, *ante*, p. 27; *Hales v. L. & N. W. Ry. Co.*, 4 B. & S. 66; 32 L. J. Q. B. 292, *ante*, p. 28; *British Columbia Saw Mills Co. v. Nettleship*, L. R. 3 C. P. 499; 37 L. J. C. P. 235, *ante*, p. 31. See *Simpson v. L. & N. W. Ry. Co.*, 1 Q. B. D. 274; 45 L. J. Q. B. 182, *ante*, p. 37.

(*q*) *Hobbs v. L. & S. W. Ry. Co.*, L. R. 10 Q. B. 111; 44 L. J. Q. B. 49, *ante*, p. 49.

Penalty.

Where the charter-party contains a penalty, which is not liquidated damages, a larger sum than the penalty may be obtained by suing, not for it, but for damages for the breach of contract (r).

Mode of calculating value of goods in actions for loss or injury to them.

2. The damages in actions for loss of or injury to the goods are generally confined to the value of the articles lost. And it makes no difference that they have got into the hands of third parties who are also liable to the owner. For instance, the defendants, a railway company, delivered the plaintiff's goods by mistake, not to the right consignee, but to J. S., who had been in the habit of receiving the plaintiff's goods as his factor. J. S. sold the goods, as he fancied he was authorised to do, and rendered an account of the sale to the plaintiff. He subsequently stopped payment. The plaintiff sued the defendants for the goods, and it was held that he was entitled to recover the amount for which they sold, and that he was not prejudiced by having tried to obtain the proceeds of the sale from J. S. This was no ratification of the defendant's act (s).

Mode of valuing goods.

The only question then will be as to the mode of estimating this value. It will be in general the market value of the goods at the place and time at which they ought to have been delivered (t), independently of any circumstances peculiar to the plaintiff (u). If from the smallness of the place or the scarcity of the article or other reasons there is no market price, the real value at the time and place must be ascertained, as a fact, by the jury, taking into consideration the circumstances which would otherwise have influenced the market price, if there had been one, such as price at the place of manufacture, costs of carriage, and a reasonable sum for importer's profit (v). If goods damaged on a voyage, are landed and sold by the master without the assent of the owner, where such assent might have

(r) *Winter v. Trimmer*, 1 W. Bl. 395; *Harrison v. Wright*, 13 East, 343; *Maylam v. Norris*, 2 D. & L. 829.

(s) *Sanquer v. L. & S. W. Ry. Co.*, 16 C. B. 163.

(t) *Rice v. Barendale*, 7 H. & N. 96; 30 L. J. Ex. 371; *Wilson v. Lancashire & Yorkshire Ry. Co.*, ante, p. 14; *Schulze v. Gt. Eastern Ry. Co.*, 19 Q. B. D. 30; 56 L. J. Q. B. 442; *Collard v. S. E. Ry. Co.*, ante, p. 15; *O'Hanlan v. G. W. Ry. Co.*, 6 B. & S. 484; 34 L. J. Q. B. 154, ante, p. 18.

(u) *G. W. Ry. Co. v. Hedmayne*, L. R. 1 C. P. 329. See *per* *Ld. Esher*, *Rodocanachi v. Milburn*, 18 Q. B. D. at p. 77; 56 L. J. Q. B. 202.

(v) *O'Hanlan v. G. W. Ry. Co.*, *ubi sup.*

been applied for, the measure of damages is not what the goods sold for, but what they would have been worth to the owner if they had not been sold. No counter-claim can be set up for freight *pro ratâ itineris* (*w*). In an action against shipowners for loss of goods, Lord Ellenborough said that the plaintiffs were entitled to recover the value of the goods on board at the time she was captured, by means of the deviation. That in the absence of any other evidence, that value could not be taken as more than the cost price and shipping charges, and that the insurance premium could not be added, as no new value was given to the goods by insuring them (*x*). Where, however, the cargo was conveyed to its proper destination, and there handed over to a person who was not entitled to it, it was decided that its value at the port of discharge was the proper measure of damages. Parke, J., said, "The plaintiffs are entitled to be put in the same situation as they would have been in, if the cargo had been delivered to their order at the time it was delivered to B.; and the sum it would have fetched at that time, is the amount of loss sustained by the non-performance of the defendants contract (*y*). In a recent case where the owner of the ship was sued for the loss of goods, it appeared that they had been shipped under a charter-party, which provided that the freight should be paid in advance, subject to deduction for interest and insurance. The freight was paid accordingly, and the amount insured. The goods were sold to the plaintiffs at a price covering cost freight and insurance. It was held that the plaintiffs were entitled to recover the advanced freight. If there had been no insurance this would have been part of the price of the goods, which they could have recovered as damages, and kept for themselves. Being insured, they were entitled to sue for it on behalf of the insurers, who were subrogated to their rights in respect to the freight (*z*). Where no evidence at all can be given, the question of value must be resolved by the usual rules upon which presumptions of this sort are governed (*a*). If any evidence of value is withheld by

(*w*) *Acatos v. Burns*, 3 Ex. D. 282; 47 L. J. Ex. 566.

(*x*) *Parker v. James*, 4 Camp. 112.

(*y*) *Brandt v. Howlby*, 2 B. & Ad. 932, 939.

(*z*) *Dufourcet v. Bishop*, 18 Q. B. D. 373; 56 L. J. Q. B. 497.

(*a*) *Spaight v. Farnicorth*, 5 Q. B. D. 115; 49 L. J. Q. B. 346.

the defendant, the goods, as against him, would be presumed to be of the highest value articles of that nature were capable of (*b*). Unless any such circumstances existed, the jury would, no doubt, as in a former case, be directed to give damages proportioned to what they might consider to be the fair and probable value of the articles in question; "and not to pare down the amount of damages, because the articles could not be distinctly proved" (*c*). Where the plaintiff is not himself the owner of the goods, but has only a qualified property in them, he will be entitled to recover their whole value from the carrier, if he is himself liable for their value to the owner; and it is not necessary that he should have actually paid the owner (*d*).

Cases of special damage accruing from loss of goods, injury to them, or delay in their delivery, are governed by the principles laid down above.

The same question as to the mode of valuing goods that have been lost to the owner, often arises in a different way.

When goods have been sold for repair of ship.

It is the primary duty of the master of a ship, acting for the owner, to convey the cargo to its place of destination in the same ship, and in case of damage to repair it. To accomplish the latter object, he may, in cases of urgent necessity, sell the cargo, which is, in effect, borrowing from the shipper through the medium of a sale. Such a proceeding raises an implied contract of indemnity from the owner, for whose benefit the act was done, in favour of the shipper (*e*). The question then arises, at what value are the goods to be taken for the purpose of this indemnity? Where the ship has arrived, the merchant is entitled to the amount which they would have fetched at the port of destination (*f*). If, however, the goods have actually been sold for a higher price than they would have been worth, if delivered, it does not seem quite settled whether the owner can claim this sum. In one case, where goods had been sold

(*b*) *Armory v. Delamirie*, 1 Stra. 505.

(*c*) *Butler v. Basing*, 2 C. & P. 613. See as to the effect of the bill of lading in establishing the actual quantity of cargo shipped: *Lishman v. Christie*, 19 Q. B. D. 333; 56 L. J. Q. B. 538.

(*d*) *Crouch v. L. & N. W. Ry. Co.*, 2 C. & K. 789. See as to torts, *post*, p. 416.

(*e*) *Benson v. Duncan*, 1 Ex. 537; 3 Ex. 644.

(*f*) *Alers v. Tobin*, Abb. Ship. 372; 245, 5th ed.; 434, 13th ed. *Hallett v. Wigram*, 9 C. B. 580.

in this manner, Lord Ellenborough decided that the owner might deduct the sum which they had brought from the entire freight due (*g*). It does not appear, however, whether the owner lost or gained by taking this standard. In another case, where the selling price was decidedly higher than what they would have fetched at their destination, and an arbitrator adjudged the selling price to be due, the Court refused to set aside the award, saying it did not clearly appear that it was wrong. Holroyd, J., seemed inclined to think it was right. He said, "There is strong reason for contending that the owner of goods should receive a compensation for the goods sold according to their highest value. If the master could get money by other means, he had no right to sell; and if he had sold the goods, the owner ought to be entitled to the actual proceeds, for the owner of the ship, in the event that has happened, ought not to be allowed to make any profit by such sale (*h*)."

Where ship
has arrived.

Where the ship has never arrived at her destination, but has been lost since the sale, it is now settled that the goods cannot be taken at their price at a place which they never could have reached. It is not decided whether, in such a case, the owner would be liable at all (*i*). The foreign codes and jurists are at issue upon the point. Lord Tenterden, in his treatise (*k*), considers it to be the most reasonable doctrine that the money should only be payable in case of the safe arrival of the ship, as the merchant is not thereby placed in a worst situation than if his goods had not been sold, but had remained on board the ship. On the other hand, the shipowner is clearly in a better situation than if he had furnished the money himself, or it had been borrowed on his credit. It seems curious that a case so likely to occur in a mercantile country should never have been decided (*l*).

Where ship
has not
arrived.

The care which a shipowner is bound to take of goods carried by him involves an obligation, not only to protect them against injuries incidental to the voyage, but also to take active

Obligation
to protect
goods.

(*g*) *Campbell v. Thompson*, 1 Stark. 490.

(*h*) *Richardson v. Nourse*, 3 B. & A. 237.

(*i*) *Atkinson v. Stephens*, 7 Ex. 567.

(*k*) Abb. Ship. 372; 246, 5th ed.; 434, 13th ed.

(*l*) It has been said that the merchant may treat the money as a forced loan: *Hopper v. Burness*, 1 C. P. D. 137; 45 L. J. Q. B. 377.

measures, so far as they are reasonably practicable under the circumstances, to check and arrest loss or deterioration arising from accidents for which he is not otherwise responsible. A shipowner received beans for carriage. During the voyage a collision occurred, which caused the beans to be wet. The ship put back into port for repairs. During the delay so caused the beans might have been put on shore and dried at a reasonable cost, and if this course had been adopted the decomposition of the beans would have been arrested. In consequence of no such steps having been taken the beans suffered a further damage, beyond that which would have accrued if they had been taken out and dried. It was held that the shipowner was liable to pay for this additional loss, after allowing the estimated expenses of unshipping, drying, and reshipping (*m*).

Undue
preference.

Where a railway company grants an undue preference to one customer over another, this is an injury to the customer to whom it is refused, exactly in proportion to the benefit he would have derived if it had been accorded to him. It is in fact an overcharge to that extent. He is, therefore, entitled to recover from the company a sum equal to that which he would have been saved, if the same advantages had been allowed to him (*n*).

Liability of
shipowners
for loss caused
by pilot ;

The liability of shipowners for loss not attributable to their own default, has been restricted by statute in various cases. The Merchant Shipping Act, 1854 (*o*), s. 388, provides, that no owner or master of any ship shall be answerable to any person whatever for any loss or damage occasioned by the fault or incapacity of any qualified pilot, acting in charge of such ship, within any district where the employment of such pilot is compulsory by law. This section will only protect the owner, &c., where the loss occurred wholly from the fault of the pilot ; and if it was, or may have been, partly the fault of the master or crew, the liability continues (*p*). This clause differs from

(*m*) *Notara v. Henderson*, L. R. 7 Q. B. 225 ; 41 L. J. Q. B. 158. See as to loss to cattle by receiving them in an infected ship : *Tatterall v. National S. S. Co.*, 12 Q. B. D. 297 ; 53 L. J. Q. B. 332.

(*n*) *Erershed v. L. & N. W. Ry. Co.*, 2 Q. B. D. 254 ; 46 L. J. Q. B. 289.

(*o*) 17 & 18 Vict. c. 104 : this and the amending Acts apply in favour of a railway company which carries passengers and goods partly by railway, and partly by their own ships, where the damage complained of has occurred during the transit by sea : *L. & N. W. Ry. Co. v. James*, L. R. 8 Ch. 241.

(*p*) *The Iona*, L. R. 1 P. C. 426 ; *The Velasquez*, L. R. 1 P. C. 494 ; 4 Moo. P. C. N. S. 426 ; 36 L. J. Adm. 19 ; *The Ocean Wave*, L. R. 3 P. C.

the corresponding section of 6 Geo. IV. c. 125, s. 55, which extended the immunity to cases where a pilot was acting in charge of the ship under any of the provisions of the Act. Accordingly it was held, under that section, that the owner was not liable when the pilot was taken on board under circumstances which did not make it compulsory on the defendant to employ him, though he was bound to go, if required (*q*). But under the Merchant Shipping Act, 1854, s. 388, the owners are responsible for the negligence of the pilot where they are not under compulsion to put him in charge of their vessel (*r*).

No owner of any sea-going ship, or share therein, shall be liable to make good any loss or damage that may happen, without his actual fault or privity, to any goods by reason of any fire on board ; or to any gold, silver, diamonds, watches, jewels, or precious stones, by reason of any robbery or embezzlement, unless their nature and value has been inserted in the bills of lading or otherwise declared in writing to the master of the ship at the time of shipping (*s*).

or by fire ;

or robbery in certain cases.

But where the cause of action arises out of a wrongful sale of goods by the master of a ship, the whole value of the goods may be recovered in trover (*t*).

Wrongful sale.

The Merchant Shipping Act Amendment Act, 1862 (25 & 26 Vict. c. 63), s. 54, further provides that the owners of any ship, whether British or foreign, shall not, in cases where without their actual fault or privity, loss of life or personal injury is caused to any person, being carried in such ship ; or damage or loss caused to goods, merchandise, or other things on board such ship ; or where by reason of the improper navigation of such ship loss of life or personal injury is caused to any person carried in any other ship or boat, or loss or damage caused to any other ship or boat, or to goods, merchandise, or other things on board any other ship or boat,

Limitation of liability for loss of life or personal injury.

205 : *Stuart v. Isenmenger*, 4 Moo. P. C. 11 : *Hammond v. Rogers*, 7 Moo. P. C. 170 : *Rodrigues v. Melhuish*, 10 Ex. 110 ; 24 L. J. Ex. 26.

(*q*) *Lacey v. Ingram*, 6 M. & W. 302.

(*r*) *The Lion*, L. R. 2 P. C. 525 : *The Stettin*, Br. & Lush. 199. The pilot need not be compulsorily employed at the spot where the accident happens, if he has been compulsorily employed within the district where it happens : *General Steam Nav. Co. v. British and Colonial Steam Nav. Co.*, L. R. 4 Ex. 238 ; 38 L. J. Ex. 97 ; in Ex. Ch.

(*s*) 17 & 18 Vict. c. 104, s. 503.

(*t*) *Morris v. Robinson*, 3 B. & C. 196, 205.

be answerable in damages, in respect of loss of life or personal injury, either alone or together with loss or damage to ships, boats, goods, merchandise, or other things, to an aggregate amount exceeding 15*l.* for each ton of their ship's tonnage; nor in respect of loss or damage to ships, goods, merchandise, or other things, whether there be in addition loss of life or personal injury or not to an aggregate amount exceeding 8*l.* for each ton of the ship's tonnage. The tonnage is to be the registered tonnage in the case of sailing ships, and in the case of steam ships the gross tonnage without deduction on account of engine room; and a mode of ascertaining the tonnage of foreign ships is prescribed (*n*).

Costs of suit. The cost of recovering compensation, either by suit against the owners, or by process against the ship may be recovered beyond this extent (*x*). And so also may interest on the limited amount from the date of the injury (*y*).

Foreign ship-
ment. Under the section which requires the value of certain articles to be stated, it has been held that if the shipment is made in a foreign country, it will be sufficient to state their value at that place in the coin of the realm. But Lord Abinger, C. B., doubted strongly whether the Act applied at all to shipments made from a port which is not governed by the law of England.

(*n*) Under the repealed sections of the former Act, 17 & 18 Vict. c. 104, ss. 504, 505, the shipowner's liability was restricted to the value of ship and freight, to be taken in case of loss of life or personal injury, at not less than 15*l.* per registered ton. By s. 506, which is still in force, the owner is liable for loss and injury arising on distinct occasions, to the same extent as if no other loss or injury had arisen. As to the power of the Court of Admiralty over freight since the Act of 1862, see *The Orpheus*, L. R. 3 A. & E. 308; 40 L. J. Adm. 24. 25 & 26 Vict. c. 63, has operation on the high seas, and applies both to British and foreign ships: *The Amalia*, 32 L. J. Adm. 191. It may be mentioned here that Lord Campbell's Act (9 & 10 Vict. c. 93) was at one time held to extend to a case where the person in respect of whose death damages were sought was an alien, and at the time of the collision causing death, was on board a foreign vessel on the high seas: *The Explorer*, L. R. 3 A. & E. 289, but this has been disapproved of since: *Adam v. British and Foreign S. Co.*, [1898] 2 Q. B. 430; 67 L. J. Q. B. 844. The Court of Admiralty has no jurisdiction over suits for personal injury resulting in death: *Smith v. Brown*, L. R. 6 Q. B. 729; 40 L. J. Q. B. 214. By the Merchant Shipping Act, 1854 (17 & 18 Vict. c. 104), s. 512, no action can be brought in case of loss of life, or personal injury, against the owner of a ship, until the Board of Trade has held an inquiry or refused to do so. The statutory limitation of liability can be excluded by agreement as happens sometimes in yachting races. *Clarke v. E. of Dunraven*, [1897] A. C. 59.

(*x*) *Ex parte Rayne*, 1 Q. B. 982.

(*y*) *The Northumbria*, L. R. 3 A. & E. 6; *Smith v. Kirby*, 1 Q. B. D. 131.

At most, he said, the statute could only apply where the shipment was made to England (z).

None of the clauses above cited extend to small craft, lighters, boats, gabbets, &c., concerned in inland navigation (a). Nor does the immunity from loss by fire protect against losses arising from a fire on board a public lighter employed by ship-owners in transporting cargo to a ship, which would itself be within the statute (b).

Inland navigation.

The Legislature has also interfered in the case of carriers by land. The great extent of their liability at common law, which was held to amount to a contract of insurance upon goods entrusted to them, had naturally caused an effort on their part to reduce it. This they used to do by notices in the shape of advertisements, handbills, placards in their offices, and so forth, stating that they would not be liable for any property beyond a certain value, unless paid for at an extra rate when delivered. This amounted to a special contract, binding on the owner of the goods, when brought home to his knowledge. It fell short of their intention, however, in two respects. In the first place, it was absolutely necessary to show that the notice had come to the knowledge of the plaintiff (c), though no proof of an agreement to it on his part was required (d). In the next place, it was decided that even a notice with which the plaintiff was proved to be acquainted would not protect the defendant, when the loss occurred from any act amounting either to a misfeasance and utter renunciation of his character as carrier, or even to what the Courts termed "gross negligence" (e).

Liability of land carriers at common law.

To remedy this state of things the Carriers Act (f) was

Carriers Act.

(z) *Gibbs v. Potter*, 10 M. & W. 70; decided on 26 Geo. III. c. 86, s. 3, similar in terms to 17 & 18 Vict. c. 104, s. 503. Such a description of goods as "one box, containing about 248 ounces of gold dust," is not a declaration of the true nature and value: *Williams v. African Steam Ship Co.*, 1 H. & N. 300; 26 L. J. Ex. 69.

(a) *Hunter v. M'Gown*, 1 Bligh, 580.

(b) *Morewood v. Pollok*, 1 E. & B. 742; 22 L. J. Q. B. 250.

(c) *Kerr v. Willan*, 6 M. & S. 150; *Walker v. Jackson*, 10 M. & W. 161.

(d) *Nicholson v. Willan*, 5 East, 537; *Mayhew v. Fames*, 3 B. & C. 601.

(e) *Birkett v. Willan*, 2 B. & A. 356; *Garnett v. Willan*, 5 B. & A. 53; *Sleat v. Fagg*, *ibid.*, 342; *Owen v. Burnett*, 2 C. & M. 353; *Lowe v. Booth*, 13 Price, 329.

(f) 11 Geo. IV. and 1 W. IV. c. 68.

passed. It enacts (*g*) that no common carrier by land (*h*), for hire, shall be liable for the loss of or injury to any gold or silver, whether manufactured, unmanufactured or in coin, precious stones, jewellery, watches, clocks, timepieces, trinkets (*i*), bills, bank-notes, orders, notes or securities for payment of money (*k*), stamps, maps, writings, title-deeds, paintings, engravings, pictures (*l*), gold or silver plate or plated articles, glass, china, silks, manufactured or unmanufactured, wrought up with other materials or not (*m*), furs (*n*), or lace (*o*), contained in any parcel, when the value exceeds 10*l.*, unless its value has been declared (*p*), and an increased charge paid at

(*g*) S. 1.

(*h*) A contract to carry partly by land and partly by sea is divisible, and as to the land journey, the carrier is protected: *Le Couteur v. L. & S. W. Ry. Co.*, 6 B. & S. 961; L. R. 1 Q. B. 54; 33 L. J. Q. B. 40: *Pianciani v. Same*, 18 C. B. 226.

(*i*) A gold chain used for an eye-glass held not to be a trinket: *Davey v. Mason*, Car. & M. 45; but it has since been held that articles of use or necessity, such as shirt-pins, bracelets, brooches, portemonnaies, or smelling-bottles, if so much ornament is superadded as to make their main object ornament, are trinkets: *Bernstein v. Bazendale*, 6 C. B. N. S. 251; 28 L. J. C. P. 265.

(*k*) Where an instrument was lost, bearing a bill of exchange stamp, and drawn in the following form: "Three months after date pay to me the sum of 11*l.* 10*s.* value received. To Mr. C., &c." And written across it was an acceptance by C. The parcel containing the instrument was addressed to A., a creditor of C., with the intention that A. should put his name to it as drawer. Held that it was not a bill, as it had neither drawer nor payee, nor a note, as it contained no promise to pay. That it was a "writing," but not of any value at the time of delivery, as no one but A. had power to complete it: *Stoessiger v. S. E. Ry. Co.*, 3 E. & B. 549; 23 L. J. Q. B. 293.

(*l*) Where a picture is framed, the frame, as forming part of the picture, is within the Act: *Henderson v. L. & N. W. Ry. Co.*, L. R. 5 Ex. 90. In a previous case, where a packing-case contained a lace design, in a gilt frame covered with glass, was lost on its way to an ecclesiastical art exhibition, the owner, though the lace came within the Act, was allowed to recover the value of the frame and the packing-case, the frame being considered not a constituent part of the lace design, and the packing-case being accessory to the frame as much as to the lace: *Treadwin v. G. E. Ry. Co.*, L. R. 3 C. P. 308; 37 L. J. C. P. 83.

(*m*) Lord Abinger ruled that silk dresses made up for wear were not within the Act: *Davey v. Mason*, Car. & M. 45; but this must now be considered as overruled: see *Bernstein v. Bazendale*, 6 C. B. N. S. 251; 28 L. J. C. P. 265, where silk guards were held to come within the Act; and *Brunt v. Midland Ry. Co.*, 2 H. & C. 889; 33 L. J. Ex. 187, where the same was held of elastic silk webbing. So *Flowers v. S. E. Ry. Co.*, 16 L. T. N. S. 829; W. N. 1867, p. 155.

(*n*) Hat bodies, composed partly of the soft substance taken from the skin of rabbits, partly of the wool of sheep, were held not within this section: *Mayhew v. Nelson*, 6 C. & P. 58.

(*o*) By 28 & 29 Vict. c. 94, s. 1, this is to be construed as not including machine-made lace.

(*p*) As to what is not a sufficient declaration of value, see *ante*, p. 321, note (*e*).

the time of the delivery. A notice of such increased rate of charges, fixed in the office in legible characters, is to bind all parties sending parcels, without proof of their knowledge (*q*). But the carrier will not be entitled to the benefit of the Act, unless such notice is affixed, or in case of his refusal to give a receipt for the parcel insured (*r*). The common law liability of carriers for articles not enumerated above cannot be limited by a mere notice (*s*), but it may by a special contract. The extra costs of insurance may be recovered as damages in an action for loss or injury to goods (*t*). On the other hand, the declared value will not be conclusive against the carrier as to its real worth (*u*). The Act does not protect the carrier from liability to answer for losses or injury arising from the felonious acts of any servant in his employ; nor does it protect the servant from liability on account of his own neglect or misconduct (*x*). Therefore where goods, within the terms of the Act, and not insured, have been lost by felony of a servant, it is sufficient, in answer to a plea setting up notice of an extra charge which was not paid, to reply the felony without averring negligence. "Under the statute felony by a servant is a sufficient answer to the defence set up by the carrier, and negligence has nothing to do with it; and, on the other hand, under the carrier's notice negligence is the sole question, felony is immaterial" (*y*). Where there has been a special contract in sufficiently wide terms, no negligence, however gross, will make the defendant liable (*z*). The fact of goods

Cases to which Act does not apply.

Special contract.

(*q*) S. 2.

(*r*) S. 7.

(*r*) S. 3.

(*u*) S. 9.

(*s*) S. 4.

(*x*) S. 8.

(*y*) *G. W. Ry. Co. v. Rimell*, 18 C. B. at p. 585; 27 L. J. C. P. 201: *per* Jervis, C.J., explaining *Butt v. G. W. Ry. Co.*, 11 C. B. 140; 20 L. J. C. P. 241: *so* *Treadwin v. G. E. Ry. Co.*, L. R. 3 C. P. at p. 310, *per* Willes, J. The felony must be brought home to the carrier's servants, and it is not sufficient to show that some one must have stolen the goods: *Metcalf v. L. B. & S. C. Ry.*, 4 C. B. N. S. at p. 311; 27 L. J. C. P. 333. At least facts must be proved which make it more probable that the felony was committed by some one or other of the company's servants, than by any one not in their employment: *Vaughton v. L. & N. W. Ry. Co.*, L. R. 9 Ex. 93; 43 L. J. Ex. 75. The greater opportunity of committing a theft which the company's servants have, will not alone make out a *prima facie* case against the company: *McQueen v. G. W. Ry. Co.*, L. R. 10 Q. B. 569; 44 L. J. Q. B. 130.

(*z*) *Austin v. Manchester Ry. Co.*, 10 C. B. 454; *Carr v. Lancashire Ry. Co.*, 7 Ex. 707; *Morrille v. G. N. Ry. Co.*, 21 L. J. Q. B. 319; *Peck v. North Staffordshire Ry. Co.*, 10 H. L. C. at p. 494; 32 L. J. Q. B. at p. 250, *per* Blackburn, J. For examples of contracts held not to relieve

being received by a common carrier, under a special contract, does not deprive him of the protection of the Act unless the terms of the contract are such as to be inconsistent with the goods having been received by him in his capacity of a common carrier (a).

Temporary
loss.

Where a carrier would be protected under this statute from damages incurred by the actual loss of the goods, he will be equally protected where there has been only a temporary loss, even though the detention arising from such temporary loss causes damage to the owner, which is not made up for by the ultimate delivery of the goods to him (b).

Provisions of
Railway and
Canal Traffic
Act, 1854.

The length to which the decisions upon this point had gone, caused the Legislature to interfere. Accordingly it is provided by the Railway and Canal Traffic Act, 1854, 17 & 18 Vict. c. 31, s. 7 (c), that every notice, condition, or declaration by which any railway or canal company shall limit its liability for loss caused by its own neglect or default shall be void, unless deemed to be reasonable by the Court or judge before whom any question relating thereto is tried. They are only to be liable, however, to the extent of 50*l.* for a horse, 15*l.* for neat cattle, and 2*l.* for pigs and sheep, unless they have been paid for on an additional value. Proof of value is to rest upon the owner. All special contracts must be signed by the party to be bound by them. Nothing in this Act is to affect the privileges of the company under 11 Geo. IV. and 1 Will. IV. c. 68, as to articles enumerated in it.

Upon 17 & 18 Vict. c. 31, s. 7, it has been decided that the

from liability to make good loss arising from expected perils, where caused by the carrier's negligence, see *Phillips v. Clark*, 2 C. B. N. S. 156; 26 L. J. C. P. 168; *Martin v. Great Indian Peninsula Ry. Co.*, L. R. 3 Ex. 9; 37 L. J. Ex. 27; *Czech v. Gen. Steam Nav. Co.*, L. R. 3 C. P. 14; 37 L. J. C. P. 3. As to what constitutes a special contract, see *Anderson v. Chester & Holyhead Ry. Co.*, 4 Ir. C. L. R. 435.

(a) *Barendse v. G. E. Ry. Co.*, L. R. 4 Q. B. 244; 38 L. J. Q. B. 137, in Ex. Ch.

(b) *Millen v. Brush*, 10 Q. B. D. 142; 52 L. J. Q. B. 127; reversing S. C. 8 Q. B. D. 35; 51 L. J. Q. B. 166. See, as to what is a detention of goods: *Gordon v. Gt. West. Ry.*, 8 Q. B. D. 44; 51 L. J. Q. B. 58.

(c) Extended, as far as applicable, to traffic carried on by railway companies in steam vessels by the Railway Clauses Act, 1863, 26 & 27 Vict. c. 92, s. 31. By the Regulation of Railways Act, 1868, 31 & 32 Vict. c. 119, s. 14, a railway company contracting to carry, partly by railway and partly by sea, may limit their liability during sea transit by a condition conspicuously published at their booking office, and printed on the receipt or freight note.

conditions capable of being imposed by railway companies in limitation of their liability as common carriers, must not only be in the opinion of the Court or judge just and reasonable, but must also be embodied in a special contract in writing, signed by the owner or sender of the goods (*d*). The railway company cannot set up the want of a signature, the proviso only applying to cases where the railway company is claiming exemption from liability by reason of there being a special contract, in which case the other party is not to be bound by a contract which he or the person delivering the goods has not signed (*e*). The statute expressly applies to injuries done in the "receiving, forwarding, and delivery," therefore where a horse brought into a railway company's station yard for the purpose of being sent by train, was, before any contract for carriage had been made, injured by the sharp edge of some girders left there through the negligence of the company's servants, the company were held protected from liability for any greater damages than 50*L.*, although the usual practice at the station was that a ticket should be got after the horse had been put into a horse-box (*f*). But the Act only extends to

Decisions upon Railway and Canal Traffic Act, 1854.

(*d*) *M. Mann v. Lancashire, &c., Ry. Co.*, 4 H. & N. 327; 28 L. J. Ex. 353, in Ex. Ch.; *Peck v. North Staffordshire Ry. Co.*, 10 H. L. C. 473, 32 L. J. Q. B. 241; *per* Lord Westbury, C., and Lord Wensleydale, *Simons v. G. W. Ry. Co.*, 18 C. B. 805; 26 L. J. C. P. 25. The numerous cases in which conditions have been held reasonable or unreasonable, will be found collected in the note to *Cygs v. Bernard*, 1 Smith's Leading Cases at p. 213, 10th ed. No better general rule has been laid down than that stated in the opinion of Blackburn, J., in Dom. Proc. (*Peck v. North Staffordshire Ry. Co.*, 10 H. L. C. at p. 511; 32 L. J. Q. B. 252), that a condition exempting carriers wholly from liability for the neglect and default of their servants, is *prima facie* unreasonable; but if the carrier is willing to carry for a reasonable remuneration, but at the same time offers in the alternative to carry on the terms that he shall have no liability at all, and holds forth as an inducement a reduction of the price below that which would be reasonable remuneration for carrying at carrier's risk, or some additional advantage which he is not bound to give and does not give to those who employ him with a common law liability, the condition may be reasonable. (See, in addition, *Rooth v. N. E. Ry. Co.*, L. R. 2 Ex. 173; 36 L. J. Ex. 83.) In *Harrison v. L. B. & S. C. Ry. Co.*, 2 B. & S. 122; 31 L. J. Q. B. 113, Erle, C.J., and Keating, J., held that the operation of the section was confined to losses caused by misconduct on the part of the railway company, and not to losses occurring through pure accident; but the judgment of the Court was not given upon this point. See as to injuries to dogs received for transport: *Dickson v. Gl. Northern Ry. Co.*, 18 Q. B. D. 177; 56 L. J. Q. B. 111.

(*e*) *Bazendale v. G. E. Ry. Co.*, L. R. 4 Q. B. 244; 38 L. J. Q. B. 137.
 (*f*) *Hodgman v. West Midland Ry. Co.*, 5 B. & S. 173; 33 L. J. Q. B. 233; affirmed in Ex. Ch. 6 B. & S. 560; 35 L. J. Q. B. 85.

the traffic on a company's own lines, and not to a contract exempting a company from loss on a railway not belonging to or worked by them (*g*). The statute does not apply to articles deposited in the railway company's cloak-room, because the company do not receive them in the capacity of carriers (*h*).

Meaning of
word "loss."

The word "loss" in 11 Geo. IV. and 1 Will. IV. c. 68, only refers to cases where the chattel is either abstracted or otherwise lost from the personal care of the carrier, or from the place where it ought to be, and by reason of such loss is incapable of being delivered at the proper time. It does not protect the carrier in all cases where the owner of the article suffers damage from the neglect of the defendant to carry. Therefore, where the declaration stated that, through the negligence of the defendants, his luggage was delayed a long time, during which he was deprived of its use, a plea which merely alleged the fact of a notice being affixed, and no declaration of the value of the goods in question, which was above 10*l.*, was held bad. It should have gone on to allege such a loss as is described above (*i*).

Value must be
declared in
the first
instance.

The declaration of value must be made in the first instance by the sender of the goods, whether they are delivered at the office of the carrier, or at the sender's house, or on the road, or elsewhere. In no case can the sender recover, unless he has taken the step which the Legislature intended he should take in the first instance (*k*). And he must make the declaration with the intention that it shall be understood as a declaration of value, and for the purpose of insurance (*l*). But when he has declared the value it is for the carrier to demand the increased rate to which he may be entitled, and if he does not do so, and the ordinary rate is paid, he is not protected by the statute from his ordinary common law liability in case of loss or injury happening to the goods during the journey (*m*).

(*g*) *Zunz v. S. E. Ry. Co.*, L. R. 4 Q. B. 539; 38 L. J. Q. B. 209.

(*h*) *Van Toll v. S. E. Ry. Co.*, 12 C. B. N. S. 75; 31 L. J. C. P. 241.

(*i*) *Hearn v. S. W. Ry. Co.*, 10 Ex. 723; 24 L. J. Ex. 180. See *Millen v. Braash*, ante, p. 324.

(*k*) *Hart v. Bowendalc*, 6 Ex. 769, in Ex. Ch.

(*l*) *Robinson v. L. & S. W. Ry. Co.*, 19 C. B. N. S. 51; 34 L. J. C. P. 234; decided upon 17 & 18 Vict. c. 31, s. 7.

(*m*) *Behrens v. G. N. Ry. Co.*, 7 H. & N. 950; 31 L. J. Ex. 299, in Ex. Ch.

Even in cases not within the protection of the Act, the plaintiff cannot recover the value of the article, if he has used fraud in concealing its character (*n*). Upon the same principle, if he makes an untrue statement of the value, upon which the contract between himself and the carrier is based, he is not at liberty afterwards to deny the truth of the statement and show that the real value was greater (*o*). Where the contract is to carry a particular species of goods, such as passenger's luggage, the carrier is not responsible for injury to a perfectly different species, such as merchandise, which he may happen to be carrying with him, and which the plaintiff, even without fraud, procures to be carried, without notice to the carrier of its nature (*p*). If, however, the defendants, with full notice of its character, choose to treat it as luggage, they will be responsible for its loss (*q*).

Fraud in concealing value.

The character in which Electric Telegraph Companies receive and undertake to forward messages, and their responsibility for loss occasioned by error or delay in transmission, have of late years given rise to much discussion, especially in America, where most conflicting opinions have

Telegraphic messages.

(*) *Gibbon v. Paynton*, 4 Burr. 2298 : *Batson v. Donovan*, 4 B. & A. 21 : *Walker v. Jackson*, 10 M. & W. 161.

(o) *M'Canee v. L. & N. W. Ry. Co.*, 3 H. & C. 343 ; 34 L. J. Ex. 39, in Ex. Ch.

(p) *Belfast & Ballymena Ry. Co. v. Keys*, 9 H. L. C. 556.

(q) *G. N. Ry. Co. v. Shepherd*, 8 Ex. 30 ; and see, as to amount of notice, *Boys v. Pink*, 8 C. & P. 361. The mere fact that a package looks like merchandise and is marked "glass," is not enough to fix the carrier with responsibility : *Cuhill v. L. & N. W. Ry. Co.*, 10 C. B. N. S. 154 ; 30 L. J. C. P. 289 ; affirmed in Ex. Ch. 13 C. B. N. S. 818 ; 31 L. J. C. P. 271. It has been held that pencil sketches do not form part of the ordinary luggage of an artist : *Mytton v. Midland Ry. Co.*, 4 H. & N. 615 ; 28 L. J. Ex. 385 ; nor title-deeds to be produced at a trial, nor bank-notes for the expenses of a trial, the ordinary luggage of an attorney : *Phelps v. L. & N. W. Ry. Co.*, 19 C. B. N. S. 321 ; 34 L. J. C. P. 259 ; nor a rocking-horse that of a father going home to his children : *Hudston v. Midland Ry. Co.*, L. R. 4 Q. B. 366 ; 38 L. J. Q. B. 213 ; but in a more recent case it has been said that ordinary personal luggage must be construed relatively to the habits and wants of different classes of travellers, and thus may include the gun-case or fishing apparatus of the sportsman, the case of the artist on a sketching tour, or the books of a student, and other articles of an analogous character, the use of which is personal to the traveller, and the taking of which has arisen from the fact of his journeying : *Macrow v. G. W. Ry. Co.*, L. R. 6 Q. B. 612 ; 40 L. J. Q. B. 300. Where a servant took with him the luggage of his master who was coming by a later train, the company were held not responsible : *Becher v. G. E. Ry. Co.*, L. R. 5 Q. B. 241 ; 39 L. J. Q. B. 122. See as to liveries, *Meux v. Gt. Eastern Ry.*, [1895] 2 Q. B. 387 ; 64 L. J. Q. B. 657.

Telegraph
Acts.

been expressed. In England, the Court of Queen's Bench, after considering the American cases which were brought to their notice, have refused to recognise any analogy between the consignment of goods through a carrier and the transmission of a telegram. They accordingly held that the message having been by the sender on his own account, and not as agent for the person to whom it was addressed, there was no privity between the latter and the company, and that he could not be said to have any property in the message any more than he would have had if it had been sent orally by the servant of the sender, and that the obligation of the company to use due care and skill in transmission was one arising entirely out of the contract between them and the sender (r). The telegraph companies in general limit their responsibility by special conditions, which by some of their incorporating Acts must be reasonable (s). Under the Telegraph Acts, 1868, 1869 (t), telegraphic messages are now carried by the Postmaster-General, who is not a common carrier, nor responsible for the neglect or misconduct of his inferior officers (u). Nor is the sender responsible for mistakes made in transmission, the Post Office authorities being only his agents to transmit the message in the terms in which he delivered it (x).

(r) *Playford v. United Kingdom Electric Telegraph Co.*, L. R. 4 Q. B. 706; 38 L. J. Q. B. 249; *Dickson v. Reuter's Telegraph Co.*, 2 C. P. D. 62; 46 L. J. C. P. 197; affirmed 3 C. P. D. 1; 47 L. J. C. P. 1.

(s) A condition that the company would not be responsible for unreported messages has been held reasonable: *MacAndrew v. Electric Telegraph Co.*, 17 C. B. 3; 25 L. J. C. P. 26.

(t) 31 & 32 Vict. c. 110, and 32 & 33 Vict. c. 73.

(u) *Lane v. Cotton*, 1 Ld. Raymond, 646; *Whitfield v. Lord Despencer*, 2 Cowper, 754. The principal American cases will be found referred to in c. 30 of Shearman and Redfield on the Law of Negligence (the authors of which work still maintain the opinion that telegraph companies are common carriers of messages), and in a note to the 7th edition of Sedgwick on Damages, vol. ii., p. 122; c. 29, 8th ed. It would seem that the same rules respecting remoteness of damages should be applied as in the case of other contracts: and in *Landsberger v. Magnetic Telegraph Co.*, 32 Barb. 530, the supreme court of New York acted upon the rule laid down in *Hadley v. Barendale*, and *Griffin v. Colver*, 16 N. Y. 494. So *Stevenson v. Montreal Telegraph Co.*, 16 Up. Canada Q. B. 530; *Sanders v. Stuart*, 1 C. P. D. 326; 45 L. J. C. P. 682; ante, p. 47, et seq.

(x) *Henkel v. Pape*, L. R. 6 Ex. 7; 40 L. J. Ex. 15.

CHAPTER XI.

CONTRACTS OF SURETYSHIP.

I. Guaranties.

1. *Actions by Principal Creditor against the Surety.*
2. *Actions by the Surety against the Principal Debtor.*
3. *Actions by the Surety against his Co-surety.*

II. Implied Indemnity.

III. Policies of Insurance.

1. *Life Insurance.*
2. *Fire Insurance.*
3. *Maritime Insurance.*

IV. General Average.

THE liabilities discussed in the previous chapters were all of a direct nature, arising from the immediate dealings of the parties with each other. In the present chapter I shall examine a number of collateral liabilities, which spring from a contract by one person to guard the other against the acts or default of some other party or agent. Under this branch of the subject fall the four well-known heads of Life, Fire, and Marine Insurance, and General Average, as also the ordinary cases of guaranty and indemnity. It will be more convenient to take the latter first, as embodying the general principles by which the former are regulated.

I. A contract of guaranty or indemnity involves the rights of three persons,—the principal creditor, the principal debtor, and the surety. The action may be by the principal creditor against his immediate debtor, which of course is no way affected by the fact of the guaranty; or by the same party against the surety; or by the surety against the principal debtor, or against the co-sureties, if he is fortunate enough to have any.

1. *Actions by the principal creditor against the surety.*

Damages in this action are of course the amount of the debt owing to the plaintiff, or of the loss incurred by him, to the

In actions
against
surety,

extent to which the defendant has consented to be answerable for it; and where the debt bears interest, as a bill, the surety will be liable for the interest also (a).

plaintiff must
prove a loss

The plaintiff must prove strictly the amount to which he has been injured. Where the plaintiff was surety for a collector of taxes, with an indemnity, and sued the party indemnifying him, assigning as a breach that the collector had received money which he had not paid over, in consequence of which plaintiff had been forced to pay it, the defendant admitted the receipt of the money by the collector, but not its amount; it was held that the plaintiff could only recover nominal damages, unless he could show what sums had actually been received by the collector, and that judgment signed against him for 500*l.* at the suit of the Receiver-General, was no evidence of the amount of this damage, as the defendant was not a party to it, and it might have been obtained by collusion (b). So where the defendant had covenanted that the debts of a certain firm, into which the plaintiff was about to be admitted as a partner, did not exceed a specified sum, and that if they did, the defendant would pay on demand of the plaintiff the amount by which they exceeded that sum, this was held not to be a covenant for liquidated damages, but a contract to indemnify the plaintiff from any loss he might suffer from an erroneous statement of the debts, and that it was for the jury to consider to what extent his position had been altered by reason of the defendant's breach of covenant (c).

arising from a
cause insured
against.

The plaintiff must prove not only the amount of his loss, but also that it arose from the cause against which the surety agreed to protect him. The plaintiff and S. entered into a contract that S. should perform certain works at a fixed sum, receiving from time to time payment for three-fourths of the work done; the remaining one-fourth to be paid a month after the completion of the whole; if S. should fail to complete the works, the plaintiff was to employ others, and deduct the

(a) *Ackermann v. Ehrenberger*, 16 M. & W. 99.

(b) *King v. Norman*, 4 C. B. 884: *Ex parte Young*, 17 Ch. D. 668; 50 L. J. Ch. 824. In *Greville v. Gunn*, 4 Ir. C. L. Rep. 201, sureties for a land agent undertaking that he should duly account to his principal, were held liable for the taxed costs of a cause petition to compel him to do so.

(c) *Walker v. Broadhurst*, 8 Ex. 889: *Ex parte Broadhurst*, 2 De G. Mac. & G. 953.

expense from the sum payable to him. Defendant was surety for the performance of this contract by S. S. abandoned the contract when partly performed. The plaintiff at the request of S. had advanced him a sum which exceeded the whole cost of the works then accomplished, but was less than the whole contract price. Plaintiff then had the works completed, at a cost which, added to the price of the work actually done, was less than the contract price; but added to the money which he had advanced was more than that sum. He sued defendant on his guaranty, and it was held that he was only entitled to nominal damages, as the loss had arisen from his own act in advancing more money than he ought to have done, not from the refusal of S. to go on with the works (*d*). It was also held in the same case, that this defence was properly set up in mitigation of damages, under *non est factum*, and could not have been pleaded; defendant could not have pleaded performance, because the contract was broken; nor that the obligee was damnified by his own wrong, because this was not a damnification of that sort, but one not arising on the contract at all.

Where a debtor, whose whole debt is covered by a guaranty, becomes bankrupt, and a dividend is received, the creditor can of course only recover the balance from the surety. Where, however, only a portion of the debt is so secured, the creditor cannot apply the dividend to the unsecured portion, and recover the whole of the residue from the surety. The latter has a right to have the dividend applied rateably to the whole debt, and a proportionate deduction made from the amount for which he is liable. And so, if the difference between his liability and the entire debt is covered by the guaranty of another person, each surety may claim a rateable deduction, out of each pound of the amount of debt to which their respective guaranties extend. The plaintiff cannot apply the whole of the dividends to either part of the demand at his own election, and thus vary, at his own pleasure, the extent of the responsibility of the two sureties (*e*).

In case of bankruptcy, dividend must be apportioned to whole debt, if part only is guaranteed.

(*d*) *Warre v. Calvert*, 7 A. & E. 143; and see *Tanner v. Woolmer*, 8 Ex. 482.

(*e*) *Bardwell v. Lydall*, 7 Bing. 489; *Raikes v. Todd*, 8 A. & E. 846; *Gee v. Pack*, 33 L. J. Q. B. 49; *Thornton v. McKewan*, 1 H. & M. 525; 32 L. J. Ch. 69; *Hobson v. Bass*, L. R. 6 Ch. 792; *Gray v. Seckham*, L. R. 7 Ch. 680; 42 L. J. Ch. 127.

Otherwise
where whole
debt is
guaranteed,
though
liability of
surety is
limited.

In all these cases the Court construed the contract by the surety as being a guaranty of a limited portion of the debt, in which case the surety who pays that portion has, in respect of it, all the rights of the creditor, including the right to a dividend (*f*). A different case, however, arises where the surety undertakes to be liable for the whole of the debt, subject to a limitation that he is not to be called upon to pay more than a specified amount. In such a case the creditor is entitled to redeem the whole debt by any dividends he can obtain, and then to call upon the surety to pay the balance, to an amount not exceeding the sum for which he has become bound. This was laid down in the case of *Ellis v. Emmanuel* (*g*), where all the preceding decisions were examined. In that case one Etheredge owed the plaintiff a debt of 7,000*l.*, and several persons, of whom the defendant was one, made themselves jointly and severally liable to the plaintiff for the payment of the said debt, with a limitation as regards the defendant that he was not to be liable (whether by reason of a joint or of a several action or demand) for a sum or sums exceeding altogether in debt or damages 1,300*l.* Similar provisos limited the liabilities of other sureties to sums of 700*l.* and 400*l.* respectively, all these sums making up exactly 7,000*l.* Etheredge paid 1,000*l.*, and then became bankrupt. Under his bankruptcy the plaintiffs received 9*s.* 2*d.* in the pound, amounting to 2,759*l.*, and one of the sureties paid 405*l.* and interest. There remained due 3,000*l.* The plaintiff claimed from the defendant 1,300*l.* towards the balance. The defendant maintained a right to deduct from his 1,300*l.* the 405*l.* paid by the surety, and also a dividend of 9*s.* 2*d.* on the 1,300*l.* The Court of Appeal, affirming the decision of the original Court, held that he was liable for the whole 1,300*l.*, but that if this payment exceeded his due proportion of the amount left unpaid out of the 7,000*l.*, he would have a right to contribution to that extent from the other sureties, on the ground that they were all liable for the same debt. On the other hand each surety might have limited his guaranty to 1,300*l.*, 700*l.*, 400*l.*, &c., parcel of the 7,000*l.* In such a case the creditor would be bound to apply all payments

(*f*) See *per* Lord Hatherley, *Hobson v. Bass*, L. R. 6 Ch. at p. 794.

(*g*) 1 Ex. D. 157; 46 L. J. Ex. 25.

by the principal debtor rateably in discharge of the several portions of the debt guaranteed by each surety, and there could be no contributions between the sureties, because they were not liable for the same debt. Blackburn, J., after examining all the cases on the subject, said: "In every one of them the limited suretyship was to secure a floating balance. And I think these decisions establish that in such a case the suretyship is, *primâ facie* at least, to be construed as a security for a part only of the debt. And I agree with what is intimated by Lord Hatherley in *Hobson v. Bass* (h), that if a creditor, taking a limited security for a floating balance, means it to be a security for the whole of the debt, and not merely for a part, he should take care that this is clearly expressed, for the *primâ facie* construction is the other way. But there is no case that I am aware of which lays down that where the suretyship limited in amount is for a debt already ascertained which exceeds that limit, it is *primâ facie* to be considered as a security for part of the debt only; and I have failed to see any principle on which such a *primâ facie* construction ought to be adopted. I think in such a case it is a question of construction on which the Court is to say whether the intention was to guarantee the whole debt with a limitation on the liability of the surety, or to guarantee a part of the debt only" (i).

Upon a different principle from that which is stated in these cases, a surety is entitled in equity to plead by way of set-off a debt due from the creditor to the principal debtor, arising out of the same transaction out of which the liability of the surety arose. In such a case Willes, J., said, "A surety has a right, as against the creditor, when he has paid the debt, to have for reimbursement the benefit of all securities which the creditor holds against the principal. This alone would not help the defendant here, because he has not, nor has the principal, actually paid the creditor, and in our law set-off is not regarded as an extinction of the debt between the parties. The surety, however, has another right, viz., that as soon as his obligation to pay has become absolute, he has a right in equity to be exonerated by his principal. Thus we have a creditor who is equally liable to the principal as the principal to him, and a

Right of
surety to
equitable
set-off.

(h) L. R. 6 Ch. at p. 794.

(i) 1 Ex. D. at p. 168.

surety who is entitled in equity to call upon the principal to exonerate him. In this state of things we are bound to conclude that the surety has a defence in equity against the creditor" (k).

Damages when promise to do a thing is absolute.

Some distinction must be observed as to the time at which a loss occurs, so as to entitle a plaintiff to sue and obtain substantial damages. Where the defendant's promise is an absolute one to do a particular thing, as to discharge or acquit the plaintiff from such a bond, an action may be brought the moment he has failed to perform his contract, and a plea of *non damnificatus* would be bad (l). Therefore where a party entered into a covenant to pay off incumbrances on an estate by a particular day (m), or to take up a note (n), it was held that an action might be brought, and damages to the extent of the incumbrances and note respectively might be obtained, though no actual injury had been sustained (o).

When promise is to indemnify.

Where the covenant is to indemnify or save harmless, no action can be brought till some loss has arisen; so it is also

(k) *Becherraise v. Lewis*, L. R. 7 C. P. 372, at p. 377; 41 L. J. C. P. 161.

(l) 1 Wms. Saund. 117, a, n. 1; 1 Wms. Notes to Saund. 134.

(m) *Lethbridge v. Mytton*, 2 B. & Ad. 772; *Redfield v. Haight*, 27 Connecticut, 31.

(n) *Loosemore v. Radford*, 9 M. & W. 657.

(o) So where the defendant's promise was to be answerable for all the costs, damages, and expenses, which the plaintiff might sustain by reason of his trying an action against a third person commenced at the defendant's request, it was held that costs for which the plaintiff was liable to his attorney might be recovered, although unpaid, the Court treating the promise as an engagement to find the money, and not merely to indemnify—not merely to repay, but to take care that the plaintiff should not be called on to pay: *Spark v. Heslop*, 1 E. & E. 563; 28 L. J. Q. B. 197; distinguished on this ground from *Collinge v. Heywood*, *post*, p. 335. In a recent case the plaintiff, devisee of an estate, conveyed it to the defendant, subject to payment of a legacy of 200*l.* to A. B., on attaining twenty-one, or to his personal representative, on his death under age, the defendant covenanting to pay the legacy accordingly, and to indemnify the plaintiff against all liability consequent on non-payment. A. B. died under age, and his administrator filed a bill against the plaintiff to enforce payment, but the plaintiff being advised that on the true construction of the will, the legacy, on the death of A. B., ceased to be a charge on the estate, resisted the claim, and the bill was dismissed. The plaintiff then claimed the 200*l.* from the defendant, and sued him for breach of covenant, and was held entitled to recover the whole 200*l.*: *Hodgson v. Wood*, 2 H. & C. 649; 33 L. J. Ex. 76. A case of substantial damages recovered for breach of a covenant to do all things necessary to corroborate a deed of appointment, or at the expiration of six months to pay the full value of the interest intended to be invested in the covenantee by the deed of appointment, without any proof of actual damage, will be found in *Crommelin v. Donegall*, 3 C. L. 434.

where the covenant is to acquit from damage by reason of a bond or some particular thing ; and in either case the proper plea is *non damnificatus* (*p*). The question then will be, what was the loss against which the plaintiff was to be secured ?

When the plaintiff at the request of the defendant prosecuted an action of replevin, on receiving an undertaking to indemnify him from the said distress, actions, costs, damages, and expenses, which are now, or may be hereafter, commenced or otherwise incurred by reason of the claim of the distraining party, he incurred costs, in the replevin suit, and *his own attorney* delivered him a bill on account of them ; it was held that he was not damnified till he had paid the bill, though it would have been otherwise, if the agreement had been, in terms, to indemnify when the bill should be delivered (*q*). Here it is plain that the mere delivery of a bill by a man's own attorney, which he might not be bound to pay at all, or not to its full extent, was no injury to the plaintiff.

What amounts to a loss.

And where the contract was to indemnify and save harmless the plaintiffs against all sums of money, costs, and expenses, which they should pay and incur by reason of becoming bail for the defendant, it was held that the bond would not be forfeited by the mere commencement of an action against the plaintiffs upon their bail-bond ; but that if the defendant, after notice, did not immediately take upon himself the defence of the suit, but let them pay the expense of it as it went on, this was a damnification, and that the right of action arose when any such payment was made (*r*).

It has been laid down in some old cases that liability to a suit is a sufficient damnification, even before any suit has been commenced ; as, for instance, where the defendant suffered a prisoner to escape, after promising to save plaintiff harmless against all escapes (*s*) ; and Lord Coke says, that terror of suit so as to be a hindrance to business, is a sufficient damnification (*t*), probably referring to the chance of an arrest on *mezne* process. This, however, is clearly not law now, since

Liability to suit.

(*p*) 1 Wms. Saund. 117, n. 1 ; 1 Wms. Notes to Saund. 134, n. 1.

(*q*) *Collinge v. Heywood*, 9 A. & E. 633, overruling *Bullock v. Lloyd*, 2 C. & P. 119, and affirmed 3 Ex. 738 : compare *Spark v. Heslop*, *ante*, p. 334, note (*o*).

(*r*) *Sparkes v. Martindale*, 8 East, 593.

(*s*) *Barkly v. Kempstow*, Cro. Eliz. 123.

(*t*) 5 Rep. 24.

Action
pending.

it has been decided that the actual existence of a suit which is still pending is no damnification ; none as to the subject-matter of the action, because the defendant may ultimately succeed ; nor as to costs already incurred but not paid, because they are incident to the substantive claim (u).

Judgment
recovered.

But judgment actually recovered against a party is always a damnification to the full amount for which it is given, even though payment has not been made under it. The defendant had agreed to save harmless his co-trustee, the plaintiff, from any claim which might arise out of the plaintiff's permitting him to use a legacy of 10,000*l.*, instead of investing it in the way they were bound to do. A bill was filed against them by the cestui que trust, the result of which was that plaintiff was ordered to invest the 10,000*l.* An action was brought on the indemnity, before the money had been invested :—Held that the amount of damages was the amount to which the making of the claim subjected the plaintiff, which was the sum to be invested, and the actual loss which had been subsequently added to that sum, in consequence of the claim having been enforced by law (r). The Court seemed to distinguish this case from those cited above, on the ground that in them the contract was to indemnify against a payment, whereas here it was to indemnify against a claim. In a later case, however, the same decision was given, where the indemnity did not contain the word claim. The plaintiff, who was a lessee under covenants, assigned to the defendant, taking an indemnity against all “costs, damages, and expenses which he might incur” from breach of those covenants by the assignee. The assignee did commit breaches, for which plaintiff was sued by his lessor, and judgment recovered against him by default, and it was held that he might recover the amount of the damages and the costs of the judgment by default, in an action on the indemnity, though he had not paid them himself (y). The true distinction then would appear to be, between cases where the liability is finally fixed on the plaintiff, in such a way that it may be enforced at once, and cases in which there is only a liability to be liable.

(u) *Taylor v. Young*, 8 Taunt. 315 ; 3 B. & A. 521.

(r) *Warwick v. Richardson*, 10 M. & W. 284.

(y) *Smith v. Howell*, 6 Ex. 730. See also *Harrap v. Armitage*, 12 Price, 441.

The same rule was laid down in another case, where, although judgment had been obtained against the plaintiff, he had not paid, and might never be called on to pay its amount. The declaration set out an indenture, by which, after recital that defendant had agreed to pay all debts of J. W., defendant covenanted to protect and indemnify J. W., his heirs, &c., from the payment of the said debts, and from all actions, claims, and demands for any of them. The defendant omitted to pay an annuity, which became forfeited after the death of J. W., and judgment was had against the plaintiff, administratrix, for 20*l.* assets in hand, and residue *quando acciderint*. The Court held that the plaintiff was entitled to recover the whole amount of the judgment, since, at all events, the deed amounted to an express covenant to pay the debts, within the decision of *Lethbridge v. Mylton* (*ante*, p. 334). Patteson, J., however, said that a sufficient breach of the covenant to protect was alleged, when the plaintiff stated that the defendant did not protect the covenantees, and by reason thereof an action was brought, and judgment recovered against the administratrix, to the extent of all the assets she had. That upon this ground the plaintiff was entitled to the whole sum claimed; the only argument to the contrary being, that if she recovered it she might not make a proper use of it. Parke, J., inclined to the same opinion; Littledale, J., dubitante(z). It may be observed that in this case Patteson, J., took a distinction between a covenant to indemnify, and one to protect; but the two previous decisions give the former word all the efficacy which he ascribed to the latter.

Carr v. Roberts.

There is a distinction as to the species of damage to which a contract of indemnity extends. When the agreement is a general one to indemnify against all persons, this is but a covenant to indemnify against lawful title; and the reason is because, as regards such actions as may arise from a rightful claim, a man may well be supposed to covenant against the world(a). Therefore, if the obligee be sued unjustly, either because he is sued before the money is due, or otherwise; or if the bond in which he is bound be against law and void, and

A general indemnity only extends to the lawful acts of others.

(z) *Carr v. Roberts*, 5 B. & Ad. 78; followed, *Ashdown v. Ingannells*, 5 Ex. D. 280.

(a) Per Lord Ellenborough, *Nash v. Palmer*, 5 M. & S. 374.

he suffer himself to be unjustly vexed thereupon, it seems there is no breach of the condition of the bond to save harmless (*b*). So a covenant by assignee of a lease to indemnify against rent due from the assignor to the lessor, is not broken by an illegal distress made by the latter (*c*). And on the same principle, where the plaintiff consented to become member of a provisional committee, on receiving an indemnity "against all personal responsibility, and all costs, charges, and expenses which had been, or might be incurred in and about the formation of the company, their meetings, advertisements, surveys, and other expenses of carrying out the company, applying for an Act of Parliament, or anything relating thereto;" and he was sued unsuccessfully by the advertising agent; it was held that the extra costs incurred by the plaintiff in his defence could not be recovered against the present defendant in an action on the indemnity. The Court seemed to consider that costs of this nature did not come within the terms of the indemnity at all. Cresswell, J., said, "He has not been made personally liable to any such thing. R. tried to impose such a liability upon him, but failed." "I am of opinion that the covenant to indemnify in this case must be construed in the ordinary way—to indemnify the plaintiff against all *lawful* claims" (*d*).

Otherwise
when an indi-
vidual is
specified.

On the other hand, where a person covenants to save harmless from all acts of a particular person, there he is bound to indemnify against the acts of that person, whether by title or not; for then the covenantor is presumed to know the person against whose acts he is content to covenant, and may, therefore, be reasonably expected to stipulate against any disturbance by him, whether by lawful title or otherwise (*e*).

Actions by
assignor
against
assignee.

Where a lessee assigns his lease, it is optional with the lessor, or assignee of the reversion, either to sue the lessee on his original covenants, or to sue the assignee of the term on the covenants as running with the land (*f*). In such a case it is

(*b*) Shepp. Touch. 390.

(*c*) 1 Roll. Abr. 433, pl. 10: *Perry v. Edwards*, 1 Stra. 400.

(*d*) *Lewis v. Smith*, 9 C. B. 610.

(*e*) 2 Wms. Saund. 178, n. (*c*); 2 Wms. Notes to Saund. 526, n. (*c*): *Nash v. Palmer*, ante, p. 337; and so where the indemnity is against actions brought in respect of any particular matter, as, for example, a distress for rent, the covenantor may be liable though the action be groundless: *Ibbett v. De La Salle*, ante, p. 103.

(*f*) 1 Sm. L. C. p. 63, and notes, p. 72, 9th ed.; p. 58, 10th ed.

usual with the assignee of the term to covenant with the assignor to perform all the covenants in the original lease,—and to indemnify him against all suits brought by the lessor or his assignee in consequence of their non-performance. Where, however, the lessee has assigned the term by deed-poll, subject to the payment of the rent and performance of the covenants in the original lease (*g*), or even by indenture in the same words and without express covenants (*h*), the assignee cannot be sued by the assignor in covenant (*i*). But he may be sued in case or in assumpsit (*k*). The reason is, that as the lessee is liable in the nature of a surety as between himself and the assignee for the performance of the covenants during the continuance of the interest of the assignee, a duty is imposed upon the latter at common law to perform the covenants during that time (*l*). It may be observed that the language of Baron Parke just quoted, the arguments of Holroyd, J. (*m*), and the express opinion of Lord Denman (*n*), go to show that this action would be equally maintainable whether the words “subject to the performance of the covenants, &c.,” were used or not. And it has now been formally decided by the Court of Exchequer, adopting the opinion of Lord Denman, that there is an implied promise on the part of each successive assignee of a lease to indemnify the original lessee against breaches of covenant committed by each assignee during the continuance of his own term; and such promise will be implied though each assignee expressly covenants to indemnify his immediate assignee against all subsequent breaches (*o*).

Damages in such a case would be measured by the loss which the plaintiff had sustained. Where there is an express indemnity against breach of covenants, he may recover the costs of an action brought against him by his lessor, the proper course, if he has no defence, being to let judgment go

Amount of
damages.

(*g*) *Burnett v. Lynch*, 5 B. & C. 589.

(*h*) *Wolveridge v. Steward*, 1 C. & M. 644.

(*i*) 5 B. & C. 602—609; 1 C. & M. 644.

(*k*) *Ibid.* *Marzetti v. Williams*, 1 B. & Ad. 424.

(*l*) *Per* Parke, B., 7 M. & W. 530.

(*m*) 5 B. & C. 606.

(*n*) 1 C. & M. 660.

(*o*) *Moule v. Garrett*, L. R. 5 Ex. 132; 39 L. J. Ex. 69; affirmed L. R. 7 Ex. 101; 41 L. J. Ex. 62. This does not extend to under-lessees: *Bonner v. Tottenham, &c., Society*, [1899] 1 Q. B. 161; 68 L. J. Q. B. 144.

by default, and have the damages proved on the writ of inquiry (*p*). The same rule would seem to hold good where the action is brought upon the implied indemnity raised by the law (*q*).

Actions by
lessee against
sub-lessee.

The landlord cannot, however, sue the under-lessee for any breach of covenants contained in the original lease to his own tenant (*r*). Therefore, the original lessee cannot be regarded as a surety for the performance by the under-lessee of covenants by which he is not bound. Consequently, if the latter enters into covenants precisely similar to those contained in the original lease, these merely constitute an absolute promise to do what he engages, and not a contract of indemnity against any loss the lessee may suffer from their breach. And it makes no difference that there is no right of entry reserved by which the lessee may ascertain whether the covenants have been executed or not. Hence, if he is sued by his lessor for breach of covenant, he can only, in action against the under-lessee, recover in respect of *his* breach of covenant, and cannot obtain the costs of defending the former action (*s*).

Sureties on a
replevin bond.

The sureties on a replevin bond are together only liable to the value of the goods seized, if less than the rent in arrear, or the amount of rent, if they are worth more, together with the costs of the replevin suit (not exceeding in all the amount of the penalty), and the costs of the action against them (*t*). On payment of this sum, and the cost of the application, the Court will stay proceedings on the bond (*u*). They are not liable for rent subsequently fallen due (*x*).

Sureties for a
sheriff's
bailiff.

Where the sureties for a sheriff's bailiff covenanted to indemnify the sheriff against the costs of defending any action, and of prosecuting or opposing any motion in or application to the Court concerning any matter wherein the bailiff should act, or assume to act, as bailiff to the said

(*p*) *Smith v. Howell*, 6 Ex. 730.

(*q*) Held *contrâ*, however, in Ireland, but without discussion : *Hopkins v. Murray*, 12 Ir. L. R. 359.

(*r*) *Holford v. Hatch*, Doug. 182.

(*s*) *Penley v. Watts*, 7 M. & W. 601 : *Walker v. Hatton*, 10 M. & W. 249 : *Logan v. Hall*, 4 C. B. 598, overruling *Neale v. Wyllie*, 3 B. & C. 533 ; and see *ante*, p. 103.

(*t*) *Hefford v. Alger*, 1 Taunt. 218 : *Hunt v. Round*, 2 Dowl. 558.

(*u*) *Miera v. Lockwood*, 9 Dowl. 975.

(*x*) *Ward v. Henley*, 1 Y. & J. 285.

sheriff, it was held that this covenant extended to actions brought against the sheriff for acts done properly by the bailiff in the discharge of his duty (*y*) ; and that he might recover the costs of an action for a false return, which he had defended as well as he could, though it had failed on account of the non-production of evidence which was in his power to bring forward. Also, that under the terms of the above covenant, the costs of an application to postpone the trial against him until another trial involving the matter in dispute had come on, might be recovered (*z*).

A party sued on a cause of action, against which he is indemnified, is not bound to resist if he has no defence. He may make the best compromise he can, and then recover the loss which he has incurred. Trustees lent trust money to the defendant, and took an indemnity from him in case it should turn out the loan was not justified. A bill was filed against them to invest the money they had lent. They called on the defendant to come in and resist the suit. On his refusal they consented to a decision of the Court being at once taken as to the propriety of their conduct in lending the money, without carrying on the suit in the regular form. The decision was against them, and they brought their action upon the indemnity. It was held that the plaintiffs' claim upon the indemnity was unaffected by the summary method they had pursued, since it did not appear that the decision could be in any degree affected by the stage of the cause in which it was pronounced ; or that the plaintiffs, by incurring the expense of prosecuting the suit to the hearing, could have made any defence ; or have diminished the damage consequent upon an adverse decision ; or that the decree pronounced was less binding upon the plaintiffs, or more prejudicial to the defendant, than it would have been if made at the ordinary period of the suit (*a*). In such a case the onus of showing that the compromise was a disadvantageous one lies upon the defendant, and it is not necessary to give the surety notice of the first action. But if notice is given to him, and he refuse to defend the action, in consequence of which the person indemnified is obliged to yield

Right to
compromise.

(*y*) *Farebrother v. Worsley*, 1 C. & J. 549.

(*z*) *Ibid.*, 5 C. & P. 102.

(*a*) *Lord Northburgh v. Schröder*, 7 C. & B. 342. 399.

by default, and have the damages proved on the writ of inquiry (*p*). The same rule would seem to hold good where the action is brought upon the implied indemnity raised by the law (*q*).

Actions by
lessee against
sub-lessee.

The landlord cannot, however, sue the under-lessee for any breach of covenants contained in the original lease to his own tenant (*r*). Therefore, the original lessee cannot be regarded as a surety for the performance by the under-lessee of covenants by which he is not bound. Consequently, if the latter enters into covenants precisely similar to those contained in the original lease, these merely constitute an absolute promise to do what he engages, and not a contract of indemnity against any loss the lessee may suffer from their breach. And it makes no difference that there is no right of entry reserved by which the lessee may ascertain whether the covenants have been executed or not. Hence, if he is sued by his lessor for breach of covenant, he can only, in action against the under-lessee, recover in respect of *his* breach of covenant, and cannot obtain the costs of defending the former action (*s*).

Sureties on a
replevin bond.

The sureties on a replevin bond are together only liable to the value of the goods seized, if less than the rent in arrear, or the amount of rent, if they are worth more, together with the costs of the replevin suit (not exceeding in all the amount of the penalty), and the costs of the action against them (*t*). On payment of this sum, and the cost of the application, the Court will stay proceedings on the bond (*u*). They are not liable for rent subsequently fallen due (*x*).

Sureties for a
sheriff's
bailiff.

Where the sureties for a sheriff's bailiff covenanted to indemnify the sheriff against the costs of defending any action, and of prosecuting or opposing any motion in or application to the Court concerning any matter wherein the bailiff should act, or assume to act, as bailiff to the said

(*p*) *Smith v. Howell*, 6 Ex. 730.

(*q*) Held *contrâ*, however, in Ireland, but without discussion : *Hopkins v. Murray*, 12 Ir. L. R. 359.

(*r*) *Holford v. Hatch*, Doug. 182.

(*s*) *Penley v. Watts*, 7 M. & W. 601 : *Walker v. Hatton*, 10 M. & W. 249 : *Logan v. Hall*, 4 C. B. 598, overruling *Neale v. Wyllie*, 3 B. & C. 553 ; and see *ante*, p. 103.

(*t*) *Hefford v. Alger*, 1 Taunt. 218 : *Hunt v. Round*, 2 Dowl. 558.

(*u*) *Miers v. Lockwood*, 9 Dowl. 975.

(*x*) *Ward v. Henley*, 1 Y. & J. 285.

sheriff, it was held that this covenant extended to actions brought against the sheriff for acts done properly by the bailiff in the discharge of his duty (*y*) ; and that he might recover the costs of an action for a false return, which he had defended as well as he could, though it had failed on account of the non-production of evidence which was in his power to bring forward. Also, that under the terms of the above covenant, the costs of an application to postpone the trial against him until another trial involving the matter in dispute had come on, might be recovered (*z*).

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Right to
compromise.

(*y*) *Farebrother v. Worsley*, 1 C. & J. 549.

(*z*) *Ibid.*, 5 C. & P. 102.

(*a*) *Lord Newborough v. Schröder*, 7 C. & B. 342, 399.

to the demand, that is equivalent to a judgment, and estops the surety from saying that the defendant in the first action was not bound to pay the debt (*b*).

Action
against prin-
cipal by
surety

2. Actions by the surety against the principal debtor.

Damages in these actions are governed by exactly the same rules as those which we have been considering, since the principal debtor is under an implied obligation to indemnify his surety. The same distinctions also hold good as to the time at which the action may be brought. This may differ, according as the indemnity is an express or only an implied one.

who has taken
a security.

Where a surety takes a bond from his principal for the amount of the debt which he has guaranteed, he may sue upon it on the day assigned in the bond, even though he has made no payment as surety, and the time at which he could be called upon as surety has not arrived (*c*). And in such a case he must sue upon the bond, and cannot sue in assumpsit for money paid after he has been forced to pay (*d*). But if the bond were merely a bond of indemnity, he must prove actual damage (*e*).

By surety who
has no
security.

In the case, however, of a mere surety who has taken no security from his principal, no debt arises from the principal till a payment has been made by the surety (*f*); even though the surety has been called on for payment (*g*). But in equity, as soon as he is under actual liability, he may demand to be exonerated (*h*).

At law, the moment he has paid any part of the debt, he may sue his principal, and as often as he makes a payment his right to sue accrues (*i*). But where a party who is surety for another can only protect himself from action at suit of a third party by paying money at a particular day he may do so, and before demand, and then sue his principal for the amount to be paid (*k*).

(*b*) *Duffield v. Scott*, 3 T. R. 374 : *Jones v. Williams*, 7 M. & W. 493 : *Smith v. Compton*, 3 B. & Ad. 407 : *Farebrother v. Worsley*, 5 C. & P. 102. As to the costs of the first action, see *ante*, p. 105.

(*c*) *Toussaint v. Martinant*, 2 T. R. 100.

(*d*) *Ibid*.

(*e*) *Penny v. Foy*, 8 B. & C. 13.

(*f*) *Taylor v. Mills*, Cowp. 525.

(*g*) *Paul v. Jones*, 1 T. R. 599.

(*h*) *Nisbet v. Smith*, 2 Bro. C. C. 579 : *Lec v. Rook*, Mos. 318 : *Cock v. Ratic*, 6 Ves. 283.

(*i*) *Davies v. Humphreys*, 6 M. & W. 153.

(*k*) *Broughton's Case*, 5 Rep. 24.

The form of action by surety against principal is *assumpsit* for money paid to his use. An important question then arises, what may be considered as money for this purpose? Where the plaintiff was security for the defendant who became insolvent, upon which the plaintiff being called on for the money gave his note of hand payable with interest, Lord Kenyon held that the creditors having consented to take the note from the plaintiff, it was as payment to them of the money due by the defendant; it was payment of money to his use, and the action was maintainable. And the Court, on motion for a new trial, agreed with this decision (*l*). The American Courts hold the same rule in all cases in which the note has been given and accepted by the creditor as full payment and in complete satisfaction (*m*). In England, however, the point seems by no means settled. It has been twice decided that giving a bond does not enable a party to maintain an action for money paid, even when it has been accepted as payment and satisfaction of the old debt (*n*). In the first case Lord Ellenborough said, "There is no pretence for considering the giving this new security as so much money paid for the defendant's use. Supposing even the case of a note or bill of exchange, as the current representative of money, to have been rightly decided, still this security, consisting of a bond and warrant of attorney, is not the same as that, and is nothing like money." In the latter case, Bayley, J., said, "The plaintiff in this case has paid no money. It is said, indeed, that he has given what is equivalent to it, and that it ought to be considered for this purpose as money, and so it was held in *Barclay v. Gooch*. But in *Taylor v. Higgins*, the Court, having the former case before them, held that the action for money paid could not be maintained. There are, therefore, at all events conflicting authorities on this point, the last of which is in favour of the defendant; then, as the authorities differ, it becomes necessary to look at the reason of the thing. No money has yet come out of the plaintiff's pocket, and non constat that any ever will; for if he recovers from the defendant in the present action, he may never pay it over to B."

What amounts to payment by the surety.

Giving a note.

Bond.

(*l*) *Barclay v. Gooch*, 2 Esp. 571.

(*m*) Sedg. Dam. 323; 359, 4th ed.; vol. 2, p. 22, 7th ed.; s. 796, 8th ed.

(*n*) *Taylor v. Higgins*, 3 East, 169: *Maxwell v. Jameson*, 2 B. & A. 51.

On the other hand, *Barclay v. Gooch* was cited with approbation by the Court of Exchequer in a later case (*o*), where they seemed disposed to relax from the severity of former decisions; and it has since been discussed and upheld by the Court of Exchequer in Ireland (*p*).

Goods taken
in execution.

Where a party, liable for another, pays money to save his goods from being taken in execution, this will of course support an action for money paid to the use of the other party (*q*). But where the goods were actually taken and sold under a distress for rent, it was held that this action would not lie, because upon the sale the money vested in the landlord as an instantaneous executed satisfaction of the rent, and never was the money of the tenant at all (*r*). However in *Rodgers v. Maw* (*s*), where the goods of a surety had been taken in execution for the debt of the principal, the Court of Exchequer, without deciding the point, seemed strongly of opinion that the amount for which they sold might be set off as money paid. They pointed out that a writ of *fi. fa.* directs the sheriff to make "so much money" of the defendant's goods, and said, "We cannot see upon what principle a man may not set off money paid by the produce of his goods, as well as money paid indirectly (*t*) without any sale of his goods." They expressed a twofold doubt, as to the application of *Moore v. Pyrke* to the case under discussion, and as to the principle of that decision, and postponed the case that the defendant might put the question upon the record, with a view to a writ of error, which, however, was not done. No final decision was given.

Transfer of
stock.

It has also been held that a transfer of stock does not support a count for money paid (*u*).

Mortgage.

In America the Courts hold that the giving of a mortgage is not payment, nor even taking possession of the estate for the purpose of foreclosure, since the land is still only a security for the money (*x*); but where the equity of redemption has

(*o*) *Rodgers v. Maw*, 15 M. & W. 444, 449.

(*p*) *M'Kenna v. Harnett*, 13 Ir. L. R. 206.

(*q*) *Ewall v. Partridge*, 8 T. R. 308: *Edmunds v. Wallingford*, 14 Q. B. D. 811; 54 L. J. Q. B. 305.

(*r*) *Moore v. Pyrke*, 11 East, 52; and see *Yates v. Eastwood*, 6 Ex. 805.

(*s*) *Ubi sup.*

(*t*) *Sic*: *qy.* directly?

(*u*) *Nightingale v. Derisme*, 5 Burr. 2589; *Jones v. Brinley*, 1 East, 1.

(*x*) *West v. Chamberlain*, 8 Pick. 336.

been released, and the conveyance of the land was received in discharge of the debt due from the plaintiff, they hold that it should be considered the same thing as if the plaintiff had actually paid the money. The creditor received it as money, or as an equivalent for money. To the principal debtor it was immaterial whether the payment was made in one way or the other (*y*). It has been decided in several states, that in such a case the plaintiff must prove that the thing received, whether a chattel or land, was of the full value of the debt, or agreed to be received as such (*z*).

In an action on a covenant of indemnity by a surety, who Interest.
has been compelled to pay money for his principal, the jury may give interest as damages. The damages ought to indemnify, and the surety has been damnified by losing the interest of the money he has paid. Such a case differs from that of direct contracts to pay a sum of money, upon which no interest is given at common law, because there the intention of the parties is presumed to be expressed in the terms of the contract. And the rate of interest which the principal himself had allowed, in stating an account with the surety, was held to be the proper basis of calculation (*a*).

In an action by bail against their principal the former may recover all expenses incurred in rendering up the latter. In Action by bail.
a case of this sort Lord Ellenborough said, "The relation of principal and bail is this,—the principal engages to indemnify the bail from all expenses fairly arising from his situation as bail. I think the indemnity goes against all charges which are necessary to secure themselves. The bail have a right to surrender the principal in their own discharge, and for their own security. If, therefore, the principal abscond, so that he cannot be had, the bail may take every proper and necessary step to secure him." Where however the bail employed an agent to find the principal, and then refused to pay him, and was sued, it was held that he could not recover against his principal the costs incurred in defending the action (*b*). But

(*y*) *Ainslie v. Wilson*, 7 Cow. 662.

(*z*) *Bonney v. Seely*, 2 Wend. 481 : *Howe v. Mackay*, 5 Pick. 44.

(*a*) *Petre v. Duncombe*, 20 L. J. Q. B. 242 ; 2 L. M. & P. 107 ; and see *Hutchman v. Stewart*, post, p. 347.

(*b*) *Fisher v. Fullow*, 5 Esp. 171.

no damages can be recovered by bail in respect of his trouble or loss of time in taking a journey to become bail ; because he does this, not as a person employed by the defendant, but as a friend through motives of kindness (c). Where a defendant, removing an indictment by certiorari, gives bail for his appearance and for the payment of the costs, a contract on his part will be implied to indemnify the bail against the prosecutor's costs. An express or implied contract to indemnify the bail against the consequences of the defendant's not appearing would probably be contrary to public policy, inasmuch as it would be giving the public the security of only one person instead of two (d).

When surety may sue co-surety, and for what.

3. Action by surety against co-surety.

This action does not arise till it appears that one surety has paid more than his proportion of what the sureties can ever be called upon to pay, and then it only lies for the surplus. Thus if the surety has paid less than his aliquot portion of the debt, and the principal has then paid the residue, the right of action against the co-surety will not run from the payment by the surety, but from the payment by the principal, for until the latter date it does not appear that the surety has paid more than his share (e).

Surety must give co-surety benefit of special security.

If the surety has obtained from the principal debtor a counter-security for the liability which he has undertaken, he is bound to bring into hotch-pot, for the benefit of his co-sureties, anything which he may have received from that source, even though he only consented to be a surety upon the terms of having the security, and although his co-sureties were ignorant of his being so protected, at the time they entered into their own contract of suretyship (f).

Proportion for which each surety is liable.

The proportion which each surety was bound to pay as his own share differed at law and in equity. At law it was calculated in reference to the original number of sureties, though some of them had become insolvent (g), or had died since the

(c) *Reason v. Wirdnam*, 1 C. & P. 434.

(d) *Jones v. Orchard*, 16 C. B. 614 ; 24 L. J. C. P. 229.

(e) *Davies v. Humphreys*, 6 M. & W. 153, 169 : *re Snowden*, 17 Ch. D. 44 ; 50 L. J. Ch. 540.

(f) *Steel v. Dixon*, 17 Ch. D. 825 ; 50 L. J. Ch. 591 : *re Arcoedekne*, 24 Ch. D. 709.

(g) *Cowell v. Edwards*, 2 B. & P. 268.

making of the contract (*h*). But in the latter case the Court of Queen's Bench were strongly of opinion that the personal representatives of the deceased surety would be liable for a share. In equity, however, it was calculated according to the number who were still solvent (*i*).

This variance between the rules of common law and equity ought now, under section 25 of the Judicature Act, 1873, to cease and the rule of equity to prevail.

In equity, also, the surety was held entitled as against his Interest. co-sureties to interest on what he had paid beyond his share (*k*).

Where the plaintiff and defendant had executed, as sureties, Costs of suit. a warrant of attorney, given as a security for the debt of their principal, and on default by him, judgment was entered up on the warrant of attorney, and execution issued for the amount due, which the plaintiff paid with costs, it was held that he might recover the moiety of the costs of the execution (*l*). But he cannot recover costs improperly incurred in defending an action brought by the original creditor, and money paid by the principal debtor cannot be applied in payment of such costs, but must be taken in reduction of the debt itself (*m*).

The right to sue a co-surety for contribution exists equally Whether sureties are bound by different instruments. whether they are bound in one instrument or several, and whether they knew of each other's engagements or not; for the payment by one is equally a benefit to the others (*n*). There is one important difference, however, viz., that sureties bound by the same instrument must all contribute equally, whereas, if bound by different instruments, the sums in each ascertain the proportions of the principal debt they are to pay (*o*). But one surety who has induced another to enter into an engagement of suretyship, has no claim against him for contribution (*p*). And so, if by arrangement between themselves, one of the joint contractors, though liable to the creditor, was

(*h*) *Batard v. Hawes*, 2 E. & B. 287.

(*i*) *Peter v. Rich*, 1 Cha. Rep. 19.

(*k*) *Hitchman v. Stewart*, 3 Drew. 271; 24 L. J. Ch. 690.

(*l*) *Kemp v. Finden*, 12 M. & W. 421.

(*m*) *Knight v. Hughes*, 3 C. & P. 467.

(*n*) *Deering v. Winchelsea*, 2 B. & P. 270; *Craythorne v. Swinburne*, 14 Ves. 160.

(*o*) 2 B. & P. 273.

(*p*) *Turner v. Davies*, 2 Esp. 478.

not to be ultimately liable to pay any portion of the debt, no action could be maintained against him (*q*).

Several
under-lessees.

Where there are several under-lessees, at distinct rents, of separate portions of premises held under one original lease, at an entire rent, and one pays the whole rent under a threat of distress, he cannot have an action for contribution against the other lessees. His only remedy is in equity (*r*). But it is different where several have bound themselves for the rent of an entire set of premises. Therefore where the plaintiff and defendant, who were members of a committee, hired premises from D. for the use of their company, and the plaintiff was sued for the rent, he was allowed to recover contribution from the defendant, though the latter had ceased to be a member of the committee before the rent had accrued (*s*).

II. Implied Indemnity.

Implied
indemnity.

In most of the cases just treated of, the contract of indemnity was express. But the obligation to indemnify arises, by implication at law, in many cases where there is no express contract, and whenever it arises it operates in the same manner, and to the same extent, as a special contract would have done. For instance, whenever one man is compelled to pay a debt for which another is legally responsible, the law will imply a promise by the latter to indemnify the former. A familiar illustration of this rule was the case of a tenant whose goods have been distrained for rent due by his landlord (*t*). So where two persons are privy to the same contract, he who takes the whole benefit of the contract is bound to indemnify the other against the performance of its obligations. For instance, the assignee of a lease is bound to indemnify the original lessee

(*q*) *Per* Lord Campbell, *Butard v. Hawes*, 2 E. & E. 287; *Craythorne v. Swinburne*, 14 Ves. 160.

(*r*) *Hunter v. Hunt*, 1 C. B. 300. Nor is a landowner under any obligation to indemnify the owner of a stack of wheat which, being lawfully on the land, is seized by the Ecclesiastical Commissioners under 6 & 7 W. IV. c. 71, for a tithe-rent charge on the land: *Griffiths v. Daubuz*, 4 E. & B. 230; 24 L. J. Q. B. 20; affirmed 5 E. & B. 746; 25 L. J. Q. B. 237, in Ex. Ch.

(*s*) *Boulter v. Peplor*, 9 C. B. 493.

(*t*) *Exall v. Partridge*, 8 T. R. 300. The case of *England v. Marsden*, L. R. 1 C. P. 529; 35 L. J. C. P. 259; is overruled by *Edmunds v. Wallingford*, 14 Q. B. D. 811; 54 L. J. Q. B. 305; *Johnson v. Shafte*, L. R. 4 Q. B. 700; 38 L. J. Q. B. 318, was decided upon the special wording of the Bankruptcy Act, 1861.

against breaches of covenant in the lease committed during his own holding (*u*); and so is a sub-lessee of the original lessee, who has undertaken the covenants contained in the original lease (*v*). The purchaser of shares is bound to indemnify the vendor against calls made subsequent to the purchase (*x*). A mortgagor, who induces a first mortgagee to postpone his claim in order to enable him to obtain a fresh advance, is bound to indemnify the mortgagee if the estate, in consequence of the postponement, proves to be an insufficient security for the money originally lent (*y*). On the same principle, wherever a person has been induced to do any act, at the request of another, which he does not at the time know to be an unlawful act (*z*), or to become the agent of another (*a*), or to accept the office of trustee for another (*b*), the person on whose behalf he acts is bound to indemnify him against all consequences which accrue from the proper performance of the act which he has done, or the due discharge of the office which he has undertaken.

This is the ground of those cases which we have already noticed (*c*), where a person who professes to act as agent for another, has been held liable for all the loss which a third party has incurred, in consequence of acting on his supposed

Acting as
agent without
authority.

(*n*) *Moule v. Garrett*, L. R. 7 Ex. 101; 41 L. J. Ex. 62. The sub-lessee of the assignee of a lease is not under any liability to indemnify the original lessee: *Bonner v. Tottenham, &c., Society*, [1899] 1 Q. B. 161; 68 L. J. Q. B. 144.

(*r*) *Hornby v. Caldwell*, 8 Q. B. D. 329; 51 L. J. Q. B. 89.

(*x*) *Bmoring v. Shepherd*, L. R. 6 Q. B. 309; 40 L. J. Q. B. 129; *Kellock v. Enthorn*, L. R. 9 Q. B. 241; 43 L. J. Q. B. 90.

(*y*) *Ex parte Ford*, 16 Q. B. D. 305; 55 L. J. Q. B. 406.

(*z*) *Dugdale v. Lorrering*, L. R. 10 C. P. 196; 44 L. J. C. P. 197; *Culdebeck v. Boon*, 7 Ir. Rep. C. L. 32.

(*a*) *Frizzone v. Tagliaferro*, 10 Moo. P. C. 175; *Read v. Anderson*, 13 Q. B. D. 779; 53 L. J. Q. B. 532; *Seymour v. Bridge*, 14 Q. B. D. 460; 64 L. J. Q. B. 347; *Ellis v. Pond*, [1898] 1 Q. B. 426; 67 L. J. Q. B. 345. A principal who employs a stockbroker is bound to indemnify him against the result of such acts done in the course of carrying out the business entrusted to him, as he is required to do by the rules of the Stock Exchange, whether such rules are known to the principal or unknown to him, provided, in the latter case, the rules are neither unreasonable nor such as violate a statute: *Perry v. Burnett*, 15 Q. B. D. 388; 54 L. J. Q. B. 446; *Loring v. Daris*, 32 Ch. D. 625; 55 L. J. Ch. 725. See as to payments made by a betting agent, Gaming Act, 1892 (55 & 56 Vict. c. 9).

(*b*) *Jervis v. Wolferstan*, L. R. 18 Eq. 18; 43 L. J. Ch. 809. See as to the right of an executor or receiver in an administration suit, to be indemnified out of the estate: *Dowse v. Gorton*, [1891] A. C. 190; 60 L. J. Ch. 745; *Brooke v. Brooke*, [1894] 2 Ch. 600; 64 L. J. Ch. 21.

(*c*) *Ante*, p. 98.

authority. The representation of an agency amounts to a warranty of its existence, and carries with it an implied undertaking to indemnify any one who acts upon the assumption that such an authority exists, against all the loss which naturally arises from the absence of such authority.

Thus in *Randell v. Trimen* (d), a stone merchant who had supplied stone for the building of a church by direction of the architect, who professed to act on behalf of the church building committee, but had in fact no authority to do so, recovered from the architect not only the price of the stone, but also the costs of an unsuccessful action for the price which he had brought against a member of the committee. In this case the architect persisted to the end in his assertion of authority.

*Collen v.
Wright.*

In *Collen v. Wright* (e), which is the leading case upon the subject, a land agent believing that he had proper authority, assumed to let a farm to the plaintiff, upon terms which the owner of the farm had not in fact authorised. The owner refused to grant the lease. The plaintiff filed a bill for specific performance, and finding from the answer that the agent's authority was denied, gave him notice of the suit and ground of defence, and that the suit would be proceeded with at his expense, unless he gave notice not to proceed, in which case, as in the event of the dismissal of the bill, he would be held responsible for the costs. The agent replied simply that the suit had been commenced without his privity or sanction, and that he should resist any attempt to saddle him with costs. The bill was dismissed. It was held that the plaintiff was entitled to recover from the agent's executors, besides money which he had laid out on the farm, the expenses of the Chancery suit. The defendant was considered to have persisted in his assertion of authority, so that it became unnecessary to consider whether he ought to have had notice before the commencement of the suit. However this might be, the plaintiff was considered to have acted reasonably in the matter.

*Hughes v.
Græme.*

In a subsequent case the defendant, acting as broker for

(d) 18 C. B. 786; 25 L. J. C. P. 307. In this case the declaration charged fraud, but the defendant was considered liable for the misrepresentation, independently of fraud.

(e) 7 E. & B. 301; 26 L. J. Q. B. 147; affirmed 8 E. & B. 647; 27 L. J. Q. B. 215.

both buyer and sellers, made a contract for the sale of wool to the plaintiff, on terms which the sellers afterwards repudiated, alleging, as was the fact, that they had not authorised them. The defendant persisted in his assertion of authority. There was no wool of a similar character to be obtained in the market, and the plaintiff filed a bill against the sellers to enforce specific performance of the contract, and obtained an interim injunction to restrain the sale of the wool. The bill was dismissed, and the injunction dissolved with costs on the ground of the defendant's want of authority. The plaintiff was held to be entitled to recover from the defendant, although he was his own agent as well as agent for the sellers, damages for the loss of the bargain and the expenses of the suit, that is to say, the taxed costs paid to the defendants in the suit, and the plaintiff's own costs as taxed between solicitor and client. It was objected that the plaintiff should have proceeded by action at law instead of by proceedings in Chancery; but having regard to the peculiar character of the wool, the Court putting themselves in the position of jurymen, pronounced the plaintiff to have acted reasonably (f).

In a later case, the plaintiff being in the occupation of a house and shop under a lease which would expire in 1867, the defendant on behalf of his brother, the freeholder, whose rents he had for some time received, agreed to grant the plaintiff, at the expiration of the term, a renewed lease, the plaintiff undertaking in the meantime to put in a new shop front. This the plaintiff did, and in 1865, without communication with the defendant or his brother, sold all her interest in the premises to one B. for 150*l*. The freeholder refused to grant the lease, and the plaintiff in conjunction with B. filed a bill for specific performance against him, which was dismissed, the defendant being examined on behalf of his brother, and admitting that he had entered into the agreement without consulting him and without authority. B. was turned out of possession and brought an action against the plaintiff, and recovered damages for the loss of the lease, loss on resale of fixtures, loss of business, and other matters. The plaintiff then sued the defendant, and claimed from him damages for the loss of the

Spedding v. Nerell.

(f) *Hughes v. Græme*, 33 L. J. Q. B. 335.

lease, the expenses of the Chancery suit, the damages which she had been compelled to pay B., and the costs of B.'s action. She was held to be entitled to the value of the term as enhanced by the expenditure contemplated by the agreement itself, and to the costs of the Chancery suit, but not to the damages or costs which she had sustained in consequence of her re-sale to B. These last were clearly too remote. They were not the natural consequence of the defendant's breach of contract, nor had a re-sale been contemplated by the parties at the time when the contract for the new lease was entered into (g).

*Godwin v.
Francis.*

Still more recently, a case arose in which the plaintiff was held entitled to recover a portion, but not the whole, of the costs which he had incurred. The defendant and four other joint owners of an estate had advertised it for sale, referring persons who wished to treat to, amongst other persons, the defendant. The latter representing that he had authority from his co-owners to do so, contracted to sell it to the plaintiff for 10,500*l.*, and sent him an abstract of title. The other owners declined to complete at that price. The defendant wrote to the plaintiff that there had been a misunderstanding, and that he had thought that he was authorised to sell subject to the preparation of a proper contract, but that it now appeared that other parties interested took a different view of the matter. The estate was sold to some one else for 10,700*l.*, and the plaintiff brought an action against the defendant and his co-owners for breach of contract. He administered interrogatories and obtained answers on oath from all the joint owners, that they had not authorised the defendant to sell, though they had sanctioned the advertisement. The defendant's answer was that he had had no express authority, but had expected that his co-owners would concur in a sale for 10,500*l.* The plaintiff continued the action, contending that the owners were bound by the advertisement, but was nonsuited. He then sued the defendant, and was held entitled to recover, first, the expenses of investigating the title; secondly, as damages for the loss of his bargain, the difference between the

(g) *Spedding v. Nevill*, L. R. 4 C. P. 212; 38 L. J. C. P. 133; *Simons v. Putchett*, 7 E. & B. 568; 26 L. J. Q. B. 195.

contract price and the market price of the estate, of which market price, the price at which it was afterwards sold was *prima facie* evidence ; and it may be observed that, both in this and the last case cited, the defendant was taken to be in the same position with respect to this head of damage as the vendors would have been if they had been bound by the contract but had refused to carry it out ; thirdly, he was held entitled to the costs of the unsuccessful action up to the time when the answer to the interrogatories had been received and considered by his legal advisers, after which it became unreasonable for him to proceed ; lastly, he was held not entitled to recover for loss on re-sale of horses and cattle which he had bought for the purpose of stocking the land without notice to the defendant and before investigating the title. Stress was laid on the equivocal nature of the letter written by the defendant, in which there was no express disclaimer of authority to sell, as showing that the plaintiff acted reasonably in commencing the action. But after receiving the answers to the interrogatories, he had proceeded, not in reliance on the defendant's authority, but on a mistaken view of the law with respect to the extent to which the owners had bound themselves by issuing the advertisement, and the costs so incurred did not flow naturally from the defendant's misrepresentation (*h*).

These cases were all approved and acted upon in the later case *Re National Coffee Palace Co., Ex parte Panmure* (*i*). There Lawrence directed his brokers to buy him fifty shares in the National Coffee Public Houses Company. They by mistake bought shares in the National Coffee Palace Company. L. repudiated the shares, and when the company went into liquidation, his name was removed from the list of contributors. The liquidator then sued the brokers, claiming 50*l.*, the nominal value of the shares, as damages for their misrepresentation of authority. The Court found that the shares were unsaleable in the market at the time the allotment was made to L., and that he was solvent. They said the question was, what damages would the company have incurred if it was still an existent company? This would depend upon the solvency of L., and upon the actual value of the shares. If

*Re National
Coffee Palace
Co.*

*Ex parte
Panmure.*

(*h*) *Godwin v. Francis*, L. R. 5 C. P. 295 ; 39 L. J. C. P. 121.

(*i*) 24 Ch. D. 367 ; followed in *Meek v. Wendt*, 21 Q. B. D. 126.

L. had been insolvent, the company would have lost nothing by not having him as a purchaser. If the shares had a substantial market value, this amount ought to be deducted from what the brokers had contracted on his behalf to pay. As he was solvent, and the shares were worth nothing, the company lost the full 50%, since this was what he was supposed to have agreed to pay for what was, to the company, of no more value than waste paper. Therefore their claim was allowed in full.

Principle on which damages assessed.

The principle of all the above cases was, that a person to whom another makes a representation, has a right to believe that it is true, and to act upon it as true. Therefore all loss which accrues to him from the falsity of the representation is properly chargeable against the person who has made it (*j*). But when the damage would equally have accrued whether the representation were true or not, it is obviously not the consequence, direct or indirect, of the false statement. Hence a plaintiff was held not entitled to recover the costs of an action where the defendant, believing that he had authority, verbally agreed on behalf of the owners, to let a house to the plaintiff for seven years, and gave him possession. The owners gave him notice that the defendant had no authority to let to him, and brought ejectment. The defendant advised him to resist, and he did so, and had a verdict against him. It was held that he could not recover the costs of the action from the defendant, because even if the defendant had had the authority which he professed to have, the plaintiff would have had no defence to the ejectment, the agreement being verbal only, and the plaintiff having, therefore, only a tenancy at will (*k*). And, in another case, the plaintiff, being in treaty for the purchase of the good-will of a business, was referred to B. for the particulars of the returns. He requested the defendant to make the inquiry, and the defendant, as the jury found, falsely and

(*j*) See *per* Lord Esher, M.R., *Firbank's Executors v. Humphreys*, 18 Q. B. D. at p. 60; 57 L. J. Q. B. 57.

(*k*) *Pow v. Davis*, 1 B. & S. 220; 30 L. J. Q. B. 257. See, too, *McCollin v. Gilpin*, 5 Q. B. D. 390; 49 L. J. Q. B. 558, where the directors of a public company had executed an agreement in a form which by the articles of association did not bind the company. Compare *Richardson v. Williamson*, L. R. 6 Q. B. 276; 40 L. J. Q. B. 145, where the form was sufficient, but the purpose was one for which the directors had no power to bind the company. *Quære* whether in this case also the public were not bound to take notice of the invalidity of the agreement?

fraudulently represented to him that B. stated them to average a certain amount. The plaintiff bought the business, and finding the value to be less than had been represented, without further inquiry sued the vendor for a false representation, but failed, as it turned out that no such representation had been made either by B. or the vendor. The plaintiff thereupon sued the defendant, and obtained a verdict for a sum which included the costs of the unsuccessful action ; but the Court made absolute a rule to reduce the damages by the amount of the costs, being of opinion that the action against the vendor was not the natural consequence of the representation made by the defendant. Erle, C.J., said : "The plaintiff would have a right, no doubt, to assume that the defendant told him the truth ; but that would form no ground of action against Mrs. Clifton (the vendor), unless she knew that the representation so made was false. There is a marked distinction between a false assertion by an agent, such as was made in this case, and a false assertion by an agent that he has authority only to make a contract." In the latter case it is a natural consequence that an action should be brought, but not so in the former (*l*).

III. Life, Fire, and Maritime Insurance.

All forms of insurance are governed by the one leading principle, that the loss in respect of which the claim is made must be traceable, directly and not remotely, to a cause covered by the insurance ; in other words, that the cause to which the loss is ascribed must be the proximate, and not merely the remote, cause of the injury. This question is of constant occurrence in maritime insurance, where the point at issue is, whether the damage complained of was caused by a peril of the sea. An insurance against perils of the sea was effected in respect of a cargo of horses, warranted free from mortality and jettison. In the course of a storm at sea, and by reason of the labouring of the vessel, some of the horses broke their slings, one of them broke down the partition which separated them, and then by kicking injured each other so much that they died. It was held that the loss was caused by perils of the sea, and was not within the meaning of the exception as to

Cause of loss must be the proximate and not the remote cause.

Marine Insurance.

(*l*) *Richardson v. Dunn*, 8 C. B. N. S. 655 ; 30 L. J. C. P. 44.

mortality, which must mean a death arising from natural and not from violent causes (*m*). In *Dudgeon v. Pembroke* (*n*), the action was on a time policy, in which there was no warranty of sea-worthiness. Blackburn, J., said: "But in all cases the law regards the proximate cause of the loss; and it would be difficult to find a better example of what Lord Bacon calls the infinity 'of the causes of causes, and their impulsion one on the other,' than is afforded in this case. The ship perished because she went on the coast of Yorkshire. The cause of her going ashore was, partly that it was thick weather and she was making for Hull in distress, and partly that she was unmanageable and full of water. The cause of that cause, viz., her being in distress and full of water, was, that when she laboured in the rolling sea she made water; and the cause of her making water was, that when she left London she was not in so strong and staunch a state as she ought to have been; and this last is said to be the proximate cause of the loss, though since she left London she had crossed the North Sea twice. We think it would have been a misdirection to tell the jury that this was not a loss by perils of the seas, even if so connected with the state of her unseaworthiness as that it would prevent anyone who knowingly sent her out in that state from recovering indemnity from her loss." Even the fact that the foundering of a vessel has resulted from mere negligence on the part of those who were navigating it does not prevent the loss being a peril of the sea. If the vessel were not at sea it could not have foundered. Where, however, the clause as to perils of the sea is not in a marine policy, but is an exception in a bill of lading, the proof of negligence on the part of the carrier prevents the exception taking effect, as the contract is to carry with care, and if perils of the sea have arisen from negligence on the part of the carrier, he is liable for his breach of covenant. If the negligence was that of some one for whom he is not responsible, the proximate cause is a peril of the sea, to which the exception applies (*o*).

(*m*) *Gubay v. Lloyd*, 3 B. & C. 793, following *Lawrence v. Aberdeen*, 5 B. & A. 107.

(*n*) L. R. 9 Q. B. 581, p. 595; 42 L. J. Q. B. at p. 226; affirmed, 2 App. Ca. 284, p. 287.

(*o*) *The Xantho*, 12 App. Ca. 503, overruling *Woodley v. Michell*, 11 Q. B. D. 47. As to the onus of proof of negligence in an action on a bill of lading, see *The Glendarroch*, [1894] P. 226; 63 L. J. P. 89.

As regards fire insurances, where a gunpowder magazine blew up and caused a concussion of the air which damaged the plaintiff's premises more than half a mile off, this was held not to be a damage caused by fire (*p*). It would, of course, have been otherwise if the distant explosion had caused a similar explosion on the premises insured (*q*). Where the freight of a ship which carried a cargo of coals was insured against "perils of the seas, fire, jettisons, and all other perils, losses, and misfortunes," and owing to the heating of the coals she had to put into Sydney and to discharge a large part of her cargo, it was held that the loss of freight came within the policy, either as being a loss by fire, since it arose from a state of things which would almost certainly have resulted in spontaneous combustion, and could not have been averted in any other way than by unloading the cargo, or because it was a loss *ejusdem generis*, and covered by the general clause (*r*).

Fire
Insurance.

When the insurance has been against accidents to the person, the question is the same, whether the result in respect of which the claim is preferred arose properly and immediately from the accident. The plaintiff, a signalman in the service of a railway company, was insured against all accidents, however caused, occurring in the fair and ordinary discharge of his duty. A train approached his signal-box, one of the carriages being in a condition which rendered an accident imminent unless the train could be stopped. He succeeded in stopping it, but the excitement and alarm into which he was thrown caused a nervous shock which incapacitated him for more than a year. It was held that the excitement and alarm was an accident within the meaning of the contract (*s*).

Life
Insurance.

A life insurance is a simple contract to pay such a sum at the death of the insured, and neither more nor less than this sum, with interest, under 3 & 4 W. IV. c. 42, s. 29, can be recovered. It was once decided in a remarkable case, arising

Not a contract of
indemnity.

(*p*) *Everett v. The London Assurance Co.*, 34 L. J. C. P. 299.

(*q*) *Hardaker v. Idle District Council*, [1896] 1 Q. B. 335; 65 L. J. Q. B. 363.

(*r*) *The Knight of St. Michael*, [1898] P. 30; 67 L. J. P. 19. As to the meaning of the general words, "all other perils, losses, and misfortunes," see *Thames and Mersey Insurance Co. v. Hamilton*, 12 App. Ca. 484, per Lord Bramwell, at p. 492.

(*s*) *Pugh v. L.B. & S.C. Ry. Co.*, [1896] 2 Q. B. 248; 65 L. J. Q. B. 521; *Isitt v. Railway Passengers' Assurance Co.*, 22 Q. B. D. 504; 58 L. J. Q. B. 191, ante, p. 53.

out of the debts of William Pitt, that a life insurance, when entered into by a creditor of the party insured, was a contract of indemnity, and that he could only recover upon it the amount of debt still unpaid when the policy became due (*t*). This decision was for a series of years rather acquiesced in than confirmed, while in practice it was uniformly disregarded by the insurance offices, who always paid the amount of the policy without asking any questions as to the existence of the debt. The decision itself was simultaneously overruled, at law and in equity (*u*). It is now settled that the stat. 14 Geo. III. c. 48, s. 3 (*v*), which enacts, "that no greater sum shall be recovered from the insurers (*w*) than the amount or value of the interest of the insured in such life," refers to the interest possessed at the time of making the policy.

Insurance
against acci-
dents.

Of course an insurance against injury to life or limb by accidents is strictly a contract of indemnity. In case of death, the amount is regulated by the sum insured. Where the injury falls short of death, the damages are not to be estimated by any proportion between the amount of injury sustained by the accident, and the amount of loss by death. The true measure is the amount of injury the plaintiff has sustained, not exceeding the entire sum insured; that is, the expense, and pain, and loss, it may be of a limb, connected with the immediate accident; but not the remote consequences that may follow, according to the pursuit or profession which he may be following. Therefore, loss of time or profits cannot be considered, otherwise one party, whose time was more valuable than that of another, would for precisely the same personal injury receive a larger remuneration (*x*).

(*t*) *Godsall v. Boldero*, 9 East, 72.

(*u*) *Dalby v. India and London Life Assurance Co.*, 24 L. J. C. P. 2; 15 C. B. 365; *Law v. Indisputable Assurance Co.*, 1 K. & John. 223; 24 L. J. Ch. 196.

(*v*) Extended to Ireland by 29 & 30 Vict. c. 42. By 30 & 31 Vict. c. 144, assignees of policies who have given notice may sue in their own names.

(*w*) That is, whether upon one policy or many: *Hebdon v. West*, 3 B. & S. 579; 32 L. J. Q. B. 85. In that case a promise by the person whose life was insured, to employ the plaintiff for seven years at a certain salary, was considered to be a pecuniary interest in the life to the extent of as much of the period of seven years as remained unexpired at the time when the policy was effected.

(*x*) *Theobald v. Railway Passengers' Assurance Co.*, 10 Ex. 45; 23 L. J. Ex. 249.

A fire insurance differs from a life insurance in being properly a contract of indemnity ; the insurer engaging to make good, within certain limited amounts, the losses sustained by the assured in their building and effects (y). Most fire policies contain provisions by which the company is at liberty either to pay the amount of the loss, or to supply the like quality or quantity of goods with those burnt or damaged by fire, and rebuild the premises themselves (z).

Fire insurance a contract of indemnity.

There is a remarkable dearth of decisions in England on the subject of damages in the case of fire insurance ; probably on account of the liberality usually displayed by the companies (a). The question was, however, very fully discussed in an American case, in which some leading principles were laid down, with that fulness which characterises the judgments of the Transatlantic Courts. The plaintiff was lessee of a term, which would expire on the 1st September. Upon the land was a movable building. He had the option of either renewing his lease, or taking away the building with him. It was insured for 160*l.* with the defendants. On the 15th of August it was burnt, the lessee having at that time given no notice to renew the lease. The only question at the trial was as to its value. Evidence was given that the building if suffered to remain on the premises was worth 200*l.*, but that if taken away, it would only, as a separate chattel, be worth 40*l.* The defendants contended, that as at the time of the fire no notice to renew the lease had been given, it must be presumed

Mode of valuing subject-matter.

(y) *Per* Lord Campbell, *Dalby v. India and London Life Assurance Co.*, 15 C. B. 365 ; 24 L. J. C. P. 6.

(z) See *Forms in Park on Insurance* ; Marshall, *Insurance*. When they have once elected to reinstate they are bound to do so or to pay damages for not doing so, though performance may have become impossible: *Brown v. Royal Insurance Soc.*, 1 E. & E. 853 ; 28 L. J. Q. B. 275 ; decided upon demurrer, and *dissentiente*, Erle, J. In this case the Commissioners of Sewers had caused the structure insured to be taken down as being in a dangerous condition. The Court expressly declined to state upon what principle the damages were to be assessed. *Morrell v. Irving Fire Ins. Co.*, 33 N. Y. 429, is also an authority that an election to rebuild converts the contract of insurance into a building contract ; and that the damages in case of partial performance will be the amount required to complete the building by making it substantially like the one destroyed ; and that where two companies have elected to rebuild, the entire damages may be recovered from one company, leaving them to seek contribution from the other.

(a) There have been numerous decisions in North America which, with those in Great Britain, will be found collected in Littleton and Blatchley's *Digest of Fire Insurance Decisions*, 2nd ed., New York, 1868.

Amount of
policy not an
agreed valuation.

that the plaintiff did not intend to renew it, and therefore the building should be valued at 40%, which was all it would be worth to him when taken away. The plaintiff, on the other hand, claimed to recover the whole amount of the policy, on two grounds. First, that the sum named must be taken to be the ascertained value of the subject-matter of insurance. Secondly, that the intrinsic value of the building as it stood should be the standard of measurement, and not its value in reference to his mode of dealing with it. The Judge ruled in his favour on the latter ground; and this ruling was decided to be correct by the Supreme Court of New York (*b*). The first point made by the plaintiff was given against him, the Court holding, on the analogy of marine insurance, and on the authority of two English cases (*c*), that "the recovery of the assured must be regulated by the value of the property; for if the policy be a personal agreement to indemnify him against loss or damage, his claim will be satisfied by the reimbursement to him of the actual value of the property at the time, which is the true amount of his loss by the peril:" and that the amount named did not operate as an agreed valuation of the subject-matter. "The undertaking is to pay the amount of the actual loss or damage, but with the restriction of the amount of the payment to the sum mentioned in the policy."

Absolute
value of the
property to
be taken, not
its value to
the insured.

On the second point their judgment was equally clear in his favour. "But it is said that the policy is a contract of indemnity, and that the principle of indemnity which pervades the insurance must control the construction of the policy; and upon this principle it is insisted, that the value of the property to the assured at the time of the loss, circumstanced as it may then be in reference to his use and enjoyment of it, is the loss he sustains by the destruction of it, and is the measure of his indemnity for the loss. It will be at once seen that if this principle of indemnity is to be admitted, the extent and value of the recovery will in every case vary with the special and peculiar circumstances of the insured, and the local advantages or disadvantages of the building, and the

(*b*) *Laurent v. Chatham Fire Insurance Co.*, 1 Hall, 41.

(*c*) *Lynch v. Dulzell*, 4 Bro. P. C. 431: *Sudlers' Co. v. Badcock*, 2 Atk. 554.

uses to which it is applied ; and the intrinsic value of the building will form no criterion of the loss of the proprietor in case of its destruction. A building, for example, which the necessities of the owner compel him to offer at public sale for ready money, will be worth to him no more than what it will produce at such a sale ; and a building for which there happens to be a great competition, will command a much larger price than its true value. Are these collateral and incidental circumstances to enter into the estimate of value ? Two houses of equal value may, from their local situation, be very unequal in the revenue they produce to their proprietors ; would the loss of them, if destroyed by fire, entitle the proprietors to different indemnities, in proportion to the rents or the revenues of the tenants ? It is the tenement upon which the insurance is made, and the actual value of it, as a building, is the loss of the insured in case of its destruction by fire. To that measure of indemnity the proprietor is entitled, however unproductive the property may be, and he is entitled to no more, whatever revenue he may have derived from the tenement." "It is of no importance whether the tenement stands on freehold or leasehold ground, or whether the lease is about expiring, or has the full time to run, when the fire occurs, or whether it is renewable or not. The condition of the policy is satisfied if the title and ownership are in the insured at the time of the insurance, and at the time of the loss. And the measure of his indemnity is the amount of his interest in the tenements when destroyed by fire, notwithstanding that the whole interest would have expired the very next day, or soon after the loss occurred. But whether there may not be incidents, or special circumstances so intimately connected with the premises, or so permanently attached to them, as to affect their intrinsic value, or the insurable interest of the party in them, we are not prepared to say, and it is not material to the decision of the question before us to inquire, for this clearly is not such a case."

There is little authority upon the question, whether the thing insured should be estimated at its value when destroyed, or at the amount for which it might be replaced. In the case of goods, the two values would be in general synonymous. Half-worn furniture, for instance, might be replaced by second-

Whether property destroyed should be taken at its value before destruction,

or at the amount for which it might be replaced?

hand articles of precisely similar value. Of course articles of *virtu*, such as antiques, statues, or pictures, which could not be replaced at all, or only at an extravagant cost, would clearly come under the former rule. The question would probably arise in the case of houses. Suppose a house, from age or dilapidation, to be only worth 700*l.* when burnt, but that it could not be rebuilt at all without an outlay of 1,000*l.*, and that the policy was for the latter amount, would the larger or only the lesser sum be recoverable? I apprehend still the lesser. It might, no doubt, be argued, that the value of the house was not to be taken at the amount for which it would sell, but at the amount which the owner could make by keeping it; and this value could only be replaced by putting him again in possession of a house of similar capacity, and that the cost for which this could be done ought to be the measure of his indemnity. The plain answer seems to be, that the policy is a contract to insure against all loss caused by fire, but not against any loss caused by time, weather, or any other source of dilapidation. The effect of the opposite rule to that for which I contend, would be, in the event of fire, to throw upon the insurer the charge of making good all want of repairs by the owner, however culpable; and all depreciation by lapse of time, however necessary. The insured would step out of an old house into a new one at the expense of the insurer (*d*).

It was assumed all through the American case which I have quoted, that the value should be taken at the time of the destruction, on whatever principles it was to be calculated. But this cannot have much weight, as the policy expressly provided that the loss was to be estimated, "according to the

(*d*) The question arose in Ireland in an action on a policy of insurance on the machinery in a mill, and Pennefather, B., ruling that the plaintiff was not entitled to the full expense of replacing new machinery in the mill, said: "The loss is to be estimated by the expense the plaintiff would be at in restoring the premises to the state in which they were at the time of the fire. But inasmuch as there may be a difficulty or an impossibility in restoring the premises to the state in which they were, I think it would be a fair criterion to see what would be the expense of placing new machinery, such as was in the mill before, and to deduct from that expense the difference in value between such new machinery and the old machinery which was destroyed. I think such difference is the actual loss sustained by the plaintiff." *Vance v. Forster*, Irish Circuit Reports, 47 (1841). See also *per* Channell, B., at *Nisi Prius*, *Times Fire Ass. Co. v. Hawke*, 28 L. J. Ex. 317; 1 F. & F. 406.

true and actual value of the property at the time the fire shall happen."

The analogy of marine insurance seems decisive upon this point. There the well-known rule of deducting one-third new for old, in valuing repairs (see *post*, Marine Insurance), is based upon this principle. The same has been lately decided in a kindred case, viz., that of a covenant to repair by a tenant. It was held that when the house was burnt down, the tenant was entitled to deduct from the full cost of rebuilding, the increased value which the new premises would have, as compared with the old. The residue only could be recovered in an action for breach of covenant (e).

Bailees, who have an interest in goods, such as wharfingers and warehousemen, may insure them to their whole value. Where the property is entirely destroyed, the whole of it must be made good; and not merely the particular interest of the assured in it. They will be entitled to keep for their own indemnity as much as will cover their interest in the goods; and they will be trustees of the residue of the money for the absolute owners (f).

Insurance by parties having only a partial interest.

No loss of a merely collateral nature can be recovered. Therefore the landlord of an inn who had insured "his interest in the said Ship Inn and offices," was not allowed to recover a claim for rent paid by him to his landlord, for the hire of other apartments while those damaged in the inn by fire were

Collateral loss.

(e) *Yates v. Dunster*, 24 L. J. Ex. 226; 11 Ex. 15.

(f) *Waters v. Monarch Assurance Co.*, 5 E. & B. 870; 25 L. J. Q. B. 102; *L. & N. W. Ry. Co. v. Glyn*, 1 E. & E. 652; 28 L. J. Q. B. 188; and see *N. British, &c., Insurance Co. v. Moffatt*, L. R. 7 C. P. 25; 41 L. J. C. P. 1; and *Martineau v. Kitching*, L. R. 7 Q. B. 436; 41 L. J. Q. B. 227. See also as to the insurable interest of tenants from year to year, *Simpson v. Scottish Union Insurance Co.*, 1 H. & M. 618; 32 L. J. Ch. 329: *per James, L.J.*, *Rayner v. Preston*, 18 Ch. D. at p. 15; 54 L. J. Ch. at p. 481: *per Bowen, L.J.*, *Castellain v. Preston*, 11 Q. B. D. at p. 399; 52 L. J. Q. B. at 376; and compare *Niblo v. N. American Insurance Co.*, 1 Sandf. N. Y. 551. There have been decisions in America that a mortgagee who has insured buildings may recover though the mortgaged premises be still ample security for the debt: *Kernochan v. N. York Bowery Fire Insurance Co.*, 5 Duer. N. Y. 1; affirmed 17 N. Y. 428 (1858); or though the mortgagor have rebuilt: *Foster v. Equitable Mutual Fire Insurance Co.*, 68 Mass. 216 (1854). Whether the insurers after payment are equitably entitled to an assignment of the mortgage debt has been disputed: see *Kernochan v. N. York Bowery Fire Insurance Co.*, *supra*, and Angell on Insurance, s. 69. In England the mortgagee usually insures in the joint names of himself and the mortgagee.

undergoing repair, or for the loss or damage sustained by him by reason of various persons refusing to go to the Ship Inn whilst the apartments so damaged were undergoing repair. The Court said, as to the last item, that if a party would recover such profits as these, he must insure them as profits (*g*).

Expenses of saving property from fire.

It is not settled whether insurers in fire policies are liable for expenses incurred to save the destruction of the thing insured. Mr. Phillips is of opinion that equitably, and from analogy of general average under a marine policy, the underwriters against fire on land ought to be answerable for the expenses of measures taken successfully to save the insured property, for which, had it been lost, they would have been liable to make indemnity (*h*).

Double insurance.

As fire insurance is a contract of indemnity, if the owner of property insures it in different offices, he cannot recover more than the single value from all together; and any one office, which pays more than its share, has a right of contribution from the others. But where two people each insure the same property in respect of different rights, each is entitled to recover the full amount of his own interest, or the whole amount due under his policy, if it is less than the value. And there is no right of contribution between the offices. If one of the two who insures has also a right of action against the other who has insured, in respect of the loss which has occurred, the office which has insured the person with the remedy over, succeeds to his right of remedy over, and then it is a case of subrogation. But in such a case the office which has insured the person against whom the remedy exists, has no claim for contribution against the office which has insured the person who has the remedy. These principles were laid down in the following case, where all the facts above suggested, concurred. A wharfinger held goods on behalf of their owner, and by the custom of trade was absolutely liable to the owner for any loss that might arise, including loss by fire. The owner, for his own further protection, insured the goods with X. The wharfinger insured them with Z.; they were lost by fire. Z. paid the amount of the policy to the wharfinger, who paid it over to the owner.

(*g*) *In re Wright & Pole*, 1 A. & E. 621: so *Menzies v. North British Insurance Co.*, 9 Cases in Court of Sess., 2nd ser. 694: *Niblo v. N. American Insurance Co.*, 1 Sandf. N. Y. 551.

(*h*) 1 Phill. on Ins. 626, 3rd ed.

A suit was then instituted between the two insurance offices to determine their respective liabilities. It was decided, that the fact that the owner was independently insured with X. was no reason for exempting Z., or for making X. contribute for the benefit of Z. But if the payment had been made by X. to the owner, that office would have been entitled to all his remedies against the wharfinger; and, through the wharfinger, would have been repaid by the office which insured him (i). In other words, each office would, as regards ultimate liability, stand in exactly the same position as the party whom it had insured.

In the case of *Reymard v. Arnold* (j), a tenant was under a covenant to keep the premises insured to their value, the amount recoverable under the policy being applicable to the reinstatement of the premises. He insured for 800*l.* with the A. office in his own name and the landlord's. The landlord, without his knowledge, insured the same premises for 515*l.* with the G. office in his own name. Upon a total loss occurring, the two offices apportioned the loss between themselves, and it was held that they were justified in so doing. In this case, however, both insurances were made on behalf of the landlord and for his benefit, just as much as if the landlord had insured himself in two different offices.

Where a loss by fire has happened, the insurer cannot resist payment on the ground that a previous loss has arisen to the same subject-matter from a different cause, against which the owners were protected by a different policy, provided the thing insured was still in existence *in specie* at the time the fire occurred. A ship was insured by the defendants against fire, and was also insured against marine perils by a different policy. The ship was driven on shore by perils of the sea, and stranded, and while stranded she was destroyed by fire. The defendants contended that at the time of the fire the ship was a constructive total loss. This was denied by the plaintiffs as a matter of fact, and also asserted to be immaterial as a matter of law. The fire policy was a valued one. The latter point was argued first, on the assumption that the vessel when

Effect of
previous loss
insured
against by
different
policy.

(i) *North British and Merc. Insurance Co. v. London, Liverpool, and Globe Insurance Co.*, 5 Ch. D. 569; 46 L. J. Ch. 537.

(j) L. R. 9 Ch. 386.

stranded was still a ship capable of being floated and repaired, though at an expense exceeding her repaired value. It was admitted that the case must be dealt with as if the owners were uninsured against the perils which caused the stranding. It was held that the ship was still in existence as a ship at the time of the fire, and that the diminution in value caused by the stranding could not operate against the agreed value, which determined the liability of the insurers (*k*).

Right of
insurance
company to
refund.

The principle that fire insurance is a contract of indemnity which is worked out by a subrogation of rights, produces this result, that an insurance company may be compelled to pay the insurer the full value of a loss, which it may afterwards compel him to refund, wholly or in part. For instance, it is no defence to an action on a policy, that the owner of the house was under contract to sell the premises to a perfectly solvent purchaser, on whom the entire loss would have fallen if there had been no insurance. Nor does it affect the amount payable under the policy, that the premises were to be sold for the purpose of being pulled down (*l*). But if the owner of the property subsequently receives its value, from any person who is under an obligation to pay him that value, either as being a wrongdoer who had caused the injury, or a purchaser under previous agreement, the company which has paid for the loss will be entitled to such a refund as will prevent the owner being in a better position than if no loss had occurred (*m*). If, however, the money was received by the owner as a free gift, and not under any right, no such obligation to refund would arise (*n*). Nor can the underwriters assert any claim for damages or reimbursement, which could not have been maintained by the assured, since they possess no higher rights than he does, and are precluded by any defence which would be fatal as against him (*o*).

(*k*) *Woodside v. Globe Marine Insurance Co.*, [1896] 2 Q. B. 105; 65 L. J. Q. B. 117.

(*l*) *Collingridge v. Royal Exchange Assurance Co.*, 3 Q. B. D. 173; 47 L. J. Q. B. 32. If the conveyance had been completed before the loss, the insurer could have recovered nothing for want of an insurable interest, nor the purchaser, as not being a party to the policy, unless it was assigned to him at or before the sale: *ibid.*, *Rayner v. Preston*, 18 Ch. D. 1; 50 L. J. Ch. 472.

(*m*) *Darrell v. Tibbits*, 5 Q. B. D. 560; 50 L. J. Q. B. 33; *Castellain v. Preston*, 11 Q. B. D. 380; 52 L. J. Q. B. 366.

(*n*) *Burnand v. Rodocanachi*, 7 App. Cas. 333; 51 L. J. Q. B. 548.

(*o*) *Simpson v. Thompson*, 3 App. Cas. 279; *Midland Insurance Co. v. Smith*, 6 Q. B. D. 561; 50 L. J. Q. B. 329.

In discussing the doctrine of damages in Marine Insurance, we cannot complain of a paucity of decisions. They are as numerous under this head as they were scanty under the two former. One fertile source of debate has arisen out of the right of the insured, in some cases of partial loss, to abandon the subject-matter of insurance to the insurer, and then claim as if the loss had been complete at first. It will be necessary then to examine: first, when the loss is originally total; secondly, when it can be made so by abandonment; thirdly, when it is always partial; and fourthly, how the loss in either case is to be valued.

1. Where the loss is total without abandonment.

This takes place where the subject-matter of insurance is utterly destroyed, or lost to the owners by detention, seizure, barratry, and so forth (*p*). And where there has once been a total loss, as where a vessel and cargo were barratrously taken out of their course by the crew, it makes no difference that part of the property subsequently comes into the hands of the owners, by an act which was not done or authorised by them. Such property, however, is salvage for the benefit of the underwriters (*q*). And it will be equally a total loss though the thing exist in specie; provided it has lost its character, and has ceased to be of any use to the owners as the thing which it originally was (*r*), though it possesses some value in some inferior form (*s*). And though after the time of the disaster it still retains, and is saleable under, its original denomination; still, if it is clear that the damage is so great that before the completion of the voyage "the species itself would disappear, and the goods assume a new form, losing all their original character," this is also a total loss. Because the risk does not end till the termination of the voyage, and that which must necessarily end in a total loss at the completion of the voyage must be treated as a total loss at the time of the accident (*t*). Though it is a total loss if the goods are in the hands of

Loss, total,
without aban-
donment.

(*p*) *Mullett v. Shedden*, 13 East, 304: *Mellish v. Andrews*, 15 East, 13.

(*q*) *Dixon v. Reid*, 5 B. & A. 597.

(*r*) *Dyson v. Rowcroft*, 3 B. & P. 474.

(*s*) *Cambridge v. Anderton*, 2 B. & C. 691: *Iring v. Manning*, 1 H. L. C. 287.

(*t*) *Roux v. Salvador*, 3 Bing. N. C. 266, 278.

strangers, not under the control of the assured (*u*), the seizure of the ship or goods by the lender on a bottomry bond, or by the Admiralty as a lien for salvage dues, is not such a seizure as can cause a total loss; as it arises out of the acts of the owner himself, and not out of any of the perils insured against (*v*). Whether the injury can be repaired or not will depend on the circumstances of the place, as an accident may be remedied in one port while it cannot possibly be in another. In the latter case also the loss would be total (*w*).

Constructive
total loss,

in the case of
the ship;

in the case of
the cargo.

2. Constructive total loss is where the thing exists in specie, and there is a physical possibility of repairing or preserving it, so as that it may reach the termination of the voyage in its original character. But where this would have to be done at such an extravagant cost, taking all the circumstances of the case into consideration, that the subject-matter of insurance would not be worth the money laid out upon it, this is a constructive total loss (*x*). The circumstances to be taken into calculation in such a case, if it is the ship that is damaged, will be the possibility and cost of repair in the particular place where the injury has happened, and the means of procuring money (*y*). Where the loss has happened to goods, the question is, "Whether it was 'practicable' (in the business sense of the word) (*z*), to send the whole or any part of the cargo to its destination in a marketable state?" To determine this question, the jury must ascertain the cost of unshipping the cargo; the cost of transhipping it into a new bottom (where necessary); the cost of drying and warehousing it; and the cost of the difference of transit, if it can only be effected at a higher

(*u*) *Ibid.*, 279.

(*v*) *Rosetto v. Gurney*, 11 C. B. 176.

(*w*) *Moss v. Smith*, 9 C. B. 102.

(*x*) *Read v. Bonham*, 3 B. & B. 147; *Parry v. Aberdeen*, 9 B. & C. 411; *Young v. Turing*, 2 M. & Gr. 593; *Moss v. Smith*, 9 C. B. 102; *Blairmore Co. v. Macredie*, [1898] A. C. 593; 67 L. J. H. of Ls. 96. In the case of an exceptional ship, for which there is no demand, the value to sell in the market may be much less than the true value; and it has been suggested that in such a case a more proper criterion will be the price given for the ship when new, with a deduction for wear and tear; *per Wood, V.-C.*: *African Steam Ship Co. v. Swanzy*, 2 K. & J. 664; 25 L. J. Ch. 870; *Grainger v. Martin*, 2 B. & S. 456; 31 L. J. Q. B. 186; 4 B. & S. 9, in *Ex. Ch.*

(*y*) *Irving v. Manning*, 1 H. L. 287; 2 C. B. 784; 1 C. B. 168. From the estimated cost of raising a submerged ship must be deducted the general average which would be contributed by the cargo: *Kemp v. Halliday*, L. R. 1 Q. B. 520; 6 B. & S. 757; 35 L. J. Q. B. 156, in *Ex. Ch.*

(*z*) 9 C. B. 103.

sum than the original rate of freight. Add to these items the salvage allowed in proportion to the value of the cargo saved,—and the loss will be total if the aggregate exceed the value of the cargo, when delivered at the port of discharge. But if the aggregate do not so exceed the value of the cargo, or of that part of it saved, the loss will be partial only (*a*).

Where the insurance is on the cargo, a mere retardation or interruption of the voyage, even if it amount to a loss of the whole season, is not a ground for abandonment. To justify this there must be an entire loss of the whole *adventure*, by the destruction, absolute or constructive, of the cargo itself, in consequence of the delay (*b*). And the utter destruction of the vessel makes no difference, if another can be found before the goods are destroyed by delay (*c*).

Delay of
voyage.

There is a loss of freight, either absolutely or constructively, where the ship is either absolutely or constructively unable to proceed on the voyage and earn it (*d*). But if, where the ship has been injured to such an extent as would have justified the owners in abandoning, the master has not done so, but has repaired, however imprudently, and in fact earned freight, they cannot afterwards abandon on finding that the repairs cost more than the ship and freight were worth (*e*). Nor is it any ground to claim as for a total loss of freight, that the expense of repairing the ship would exceed the whole amount of freight, if, taking the value of ship and freight both into consideration, it was prudent to repair. For the contract by the underwriter is, that the ship shall not be prevented from earning freight.

What loss of
freight is
total.

(*a*) *Rosetto v. Gurney*, 11 C. B. 176; *Reimer v. Ringrose*, 6 Ex. 263; *Farnworth v. Hyde*, L. R. 2 C. P. 204; 86 L. J. C. P. 23, in Ex. Ch. Sale of cargo ordered by a foreign tribunal, and not due to any peril insured against, cannot be treated as a constructive total loss: *Meyer v. Ralli*, 1 C. P. D. 358; 45 L. J. C. P. 741.

(*b*) *Anderson v. Wallis*, 2 M. & S. 240; *Lozano v. Junson*, 2 E. & E. 160; 28 L. J. Q. B. 337.

(*c*) *Hunt v. Royal Exchange Assurance Co.*, 5 M. & S. 47.

(*d*) *Green v. Royal Exchange Assurance Co.*, 6 Taunt. 68; *Idle v. Royal Exchange Assurance Co.*, 8 Taunt. 755; or where the cargo is so damaged as to render it impossible, except at an expense which would greatly exceed its value on arrival, to carry it to the port of destination: *Michael v. Gillespy*, 2 C. B. N. S. 627; 26 L. J. C. P. 306. Or where the ship has been so delayed by a peril insured against, that the charterers were not bound to load the ship. *Jackson v. Union Marine Assurance Co.*, L. R. 10 C. P. 125; 44 L. J. C. P. 27.

(*e*) *Chapman v. Benson*, 5 C. B. 330; affirmed in H. L., *Benson v. Chapman*, 8 C. B. 950; 2 H. L. Cas. 696.

Not that the freight shall be any profit when earned (*f*). And it makes no difference, that the cargo was so injured by accident, that the delay and expense of drying and re-shipping was greater than the freight was worth (*g*), which comes under the same principle. Nor that the owner, on hearing of an embargo on the ship, abandoned to the underwriter on the ship, who consequently became entitled to the freight, which was actually earned on the removal of the embargo; because this loss arose from the voluntary act of the insured, with which and its consequences the underwriters on freight have no concern (*h*).

And so, in a later case, where a ship had sustained considerable injuries at sea, and further injury on arriving at the port of destination; the cargo was, however, delivered to the consignees, who paid the freight. The owners abandoned to the insurers on the ship, who were held to be entitled to the freight, upon which they sued the insurers on the freight; it was decided that they could not recover (*i*).

Notice of
abandonment
must be given;

Where a constructive loss is treated as total, immediate notice of abandonment must be given to the underwriters (*j*). Otherwise the owners can only recover as for an average (*k*); and if they once elect to treat it as a partial loss, they cannot afterwards make it total by abandonment (*l*). But the fact of a notice of abandonment having been given, which was ineffectual as coming too late, is no bar to their recovering for a total loss, if an absolutely total loss does ultimately arise from the cause upon which the constructive loss was originally based. And so where a ship's papers were first taken away by a foreign government, and some months afterwards—as the result of the same act—she was finally seized (*m*).

(*f*) *Moss v. Smith*, 9 C. B. 102.

(*g*) *Mordy v. Jones*, 4 B. & C. 394: *Ecerth v. Smith*, 2 M. & S. 278. See, however, *Micharl v. Gillespy*, *supra*.

(*h*) *M'Carthy v. Abel*, 5 East, 388.

(*i*) *Scottish Marine Assurance Co. v. Turner*, 4 H. L. Ca. 312, n.

(*j*) It need not be passed on to re-insurers: *Uzielli v. Boston Marine Insurance Co.*, 15 Q. B. D. 11; 54 L. J. Q. 142.

(*k*) *Mitchell v. Edie*, 1 T. R. 608: *Martin v. Crokatt*, 14 East, 465: *Hunt v. Royal Exchange Assurance Co.*, 5 M. & S. 47: *Fleming v. Smith*, 1 H. L. C. 513: *Knight v. Faith*, 15 Q. B. 649: *Kultenbach v. Mackenzie*, 3 C. P. D. 467; 48 L. J. C. P. 9.

(*l*) *Fleming v. Smith*, 1 H. L. C. 513.

(*m*) *Mellish v. Andrews*, 15 East, 13.

In the case of an insurance on freight, however, no abandonment is necessary, for the simple reason that there is nothing to be abandoned (*n*). There never can be a total loss of freight, except from the inability of the ship to earn it, and from its having in fact not earned it (*o*). The ship may either be utterly destroyed, or it may be sold to third parties, or it may be abandoned to the underwriters on the ship itself. In the first case, it can earn no further freight; in the second case, anything earned by it, after the abandonment, would, of course, belong to the owners; in the third case, to the underwriters (*p*).

except in the case of freight.

The question, when a loss which is not actually total can be rendered so by abandonment, becomes of great importance in the case of insurances free of particular average. Of course, nothing can be recovered upon them unless a total loss can be made out. Therefore, where an insurance of this nature was made upon silk, and it became greatly damaged and stunk intolerably, so that it would have been necessary to unship, examine, clean, and dry it: the master sold it where it was. The jury found that he acted as a prudent uninsured owner would have done, but that the silk could at a reasonable and a moderate expense have been so treated as to be sent home as silk. It was held that this could not be made a total loss, and, therefore, nothing could be recovered (*q*). The principle, however, on which total and partial losses are distinguished is exactly the same, whether the policy admits of particular average or does not (*r*).

Insurance free of particular average.

It was at one time supposed that even where the insurance is free from average, if the goods insured are in separate parcels,

Total loss of separate parcels of the cargo.

(*n*) *Green v. Royal Exchange Assurance Co.*, 6 Taunt. 68 : *Mount v. Harrison*, 4 Bing. 388 : overruling *Parmeter v. Todhunter*, 1 Camp. 541 : *Potter v. Rankin*, L. R. 5 C. P. 341 ; 39 L. J. C. P. 147, in Ex. Ch. ; L. R. 6 H. L. 83.

(*o*) *Moss v. Smith*, 9 C. B. 94.

(*p*) *Case v. Davidson*, 5 M. & S. 79 ; affirmed 2 B. & B. 379 : *Stewart v. Greenock Insurance Co.*, 2 H. L. C. 159. Where goods and ship belong to the same owners, and there is no pending freight, the underwriters on ship are entitled to compensation for the carriage of the goods in the ship subsequent to the casualty : *Miller v. Woodfall*, 8 E. & B. 493 ; 27 L. J. Q. B. 120. The underwriters are not entitled to freight earned by another ship into which the goods are transferred : *Hickie v. Rodocanachi*, 4 H. & N. 445 ; 28 L. J. Ex. 273.

(*q*) *Navone v. Haddon*, 9 C. B. 30.

(*r*) *Roux v. Salvador*, 3 B. N. C. 277.

*Ralli v.
Janson.*

as hogsheads of sugar, or bales of silk, there might be a total loss of some, though others are not injured within the terms of the policy (*s*). One case went even beyond this rule. The insurance was on flax, warranted free of particular average. The vessel was wrecked, and part of the flax was saved from the wreck, part floated on shore, but all the packages were broken up. No entire package came on shore. This was held to be a total loss as to that part which was never recovered at all (*t*). The result would be to draw a distinction between two things which are, in fact, identical; viz., a partial loss of the whole, and a total loss of part of the cargo. The Court of Exchequer Chamber reviewed these cases elaborately in *Ralli v. Janson* (*u*), and decided that no such distinction existed; and that the fact of goods, which were insured free from average, being packed in separate parcels was immaterial, unless these parcels were separately valued and insured.

After thus overruling *Dary v. Milford*, the law was laid down to be that "where memorandum goods of the same species are shipped, whether in bulk or in packages not expressed by distinct valuation or otherwise in the policy to be separately insured, and there is no general average and no stranding, the ordinary memorandum exempts the underwriters from liability for a total loss or destruction of part only, though consisting of one or more entire package or packages, and though such package or packages be entirely destroyed, or otherwise lost by the specified perils."

Case of goods
differing in
species.

In *Ralli v. Janson*, the Court expressly declined to say what the consequences would be, if the goods were not all of the same species. Two cases have since decided that where articles of different nature and kind are insured under a general description, the underwriters may be liable for a total loss of some of the articles, though the rest are preserved. In the first, the insurance was by the master of a vessel on "master's effects warranted free from all average." He saved his chronometer and a few other things, but the rest were totally lost. He was

(*s*) *Lewis v. Rucker*, 2 Burr. 1170.

(*t*) *Dary v. Milford*, 15 East, 559.

(*u*) *Ralli v. Janson*, 6 E. & B. 422; S. C. *nom. Janson v. Ralli*, 25 L. J. Q. B. 300. The law is the same in the United States, 2 Phillips on Insurance, c. 1773, p. 459, 3rd ed. See as to what constitutes a separate insurance on each package, *Entwistle v. Ellis*, 2 H. & N. 549; 27 L. J. Ex. 105.

held entitled to recover the value of the articles lost. The word "effects" was considered to have been employed to save the task of enumerating the nautical instruments, chronometer, clothes, books, and other things of which they happened to consist (*v*). In the other case, the insurance was on "goods" valued at a certain sum, and the insured put on board an emigrant's equipment, consisting of a variety of tools, materials, &c., in several small packages. All were lost except three small packages; it was decided that he might recover as for a total loss of the rest (*w*).

3. The preceding remarks have necessarily involved a statement of the cases in which only a partial loss can be claimed. It is only important to add that a total loss may be changed into a partial one by matters subsequent; as where a total loss has occurred by capture, or in case of freight by embargo, which, by recapture or removal of the embargo, has been changed into a partial loss, in consequence of salvage and other charges; unless the ship, by reason of the capture and resulting loss and charge, is so valueless as, *per se*, to justify abandonment (*x*). And it makes no difference that notice of abandonment was given before the circumstances which turned it from a total into a partial loss were ascertained (*y*). Even though at that time nothing had occurred to alter the character of the loss (*z*). In a case where a ship had sunk in deep water, the insurers, between notice of abandonment and action commenced, got the vessel raised at their own expense, and then claimed to have the loss changed to a partial loss, on the ground that the vessel could then be repaired at an expense which a prudent uninsured owner would incur. In other words, they claimed by their own act, and without reference to the owner, to relieve him of part of the outlay which went to constitute a constructive total loss, and by this act to alter the

Total loss
changed into
a partial.

(*v*) *Duff v. Mackenzie*, 3 C. B. N. S. 16; 26 L. J. C. P. 313.

(*w*) *Wilkinson v. Hyde*, 3 C. B. N. S. 80; 27 L. J. C. P. 116.

(*x*) *Hamilton v. Mendes*, 2 Burr. 1198. To change the total loss into a partial loss the ship or goods must not only exist, but the circumstances must be such that the assured may reasonably be expected to take possession; *Holdsworth v. Wise*, 7 B. & C. at p. 799; *Lozano v. Janson*, 2 E. & E. 160; 28 L. J. Q. B. 337.

(*y*) *Bainbridge v. Neilson*, 10 East. 329.

(*z*) *Patterson v. Ritchie*, 4 M. & S. 393; *Brotherston v. Barber*, 5 M. & S. 414.

nature of the loss, and so to reduce their own liability. This, it was held, they could not do (a). Where, however, notice of abandonment has been given under circumstances which justified it, and accepted by the underwriters, this acceptance is final, even though circumstances subsequently occur, such as re-capture of the ship, which change the loss back again into a partial one (b). The same rule applies even where notice of abandonment has been refused, if up to the commencement of the action facts existed which constituted a total loss (c).

Value may be agreed before-hand.

4. The character of the loss being settled, the next thing is to ascertain the value of the thing lost, which may be done either by evidence after the loss, or by the previous agreement of the parties. For a policy of insurance is not a perfect contract of indemnity. It must be taken with this qualification, that the parties may agree beforehand in determining the value of the subject insured by way of liquidated damages, as indeed they may in every other contract to indemnify (d). Therefore, when an insurance was made upon a ship, valued at 17,500*l.*, and she suffered damage to her rigging and machinery in a storm which could not be repaired for less than 10,000*l.*, after which the ship would have only been worth 9,000*l.*; no injury was done to her hull. The assured were allowed to abandon and recover the whole sum (e).

Amount recovered on other policies must be deducted.

But the contract being one of indemnity, and both parties being bound by the agreed value, an assured who has recovered under other policies can only recover the difference between the amount so received and the agreed value in the policy (f).

(a) *Blairmore Co. v. Macredie*, [1898] A. C. 593; 67 L. J. H. of Lds. 96.

(b) *Smith v. Robertson*, 2 Dow. H. L. C. 474; *Bainbridge v. Neilson*, 10 East, 329; *contra*, *McCarthy v. Abel*, 5 East, 888. As to what is acceptance of abandonment, see *Shepherd v. Henderson*, 7 App. Cas. 49.

(c) *Ruya v. Royal Exchange*, [1897] 2 Q. B. 135; 66 L. J. Q. B. 534; where the total loss consisted in the capture of a ship, which was subsequently, after action brought and before trial, restored to her owners on the termination of the war. following *Naylor v. Taylor*, 9 B. & C. 718.

(d) *Per Patteson, J.*, *Irving v. Manning*, 1 H. L. C. 287; 6 C. B. 391; affirming S. C., 1 C. B. 168; 2 C. B. 784; *Lidgett v. Secretan*, L. R. 6 C. P. 616. Such valuation does not prevent the Court from looking into the elements of the valuation, so as to ascertain what is the subject-matter to which the valuation applies: *Williams v. North China Insurance Co.*, 1 C. P. D. 757.

(e) *Irving v. Manning*, *supra*: *Allen v. Sugrue*, 8 B. & C. 561; *Woodside v. Globe Marine Insurance Co.*, [1896] 2 Q. B. 105.

(f) *Bruce v. Jones*, 1 H. & C. 769; 32 L. J. Ex. 132. See *ante* as to fire insurance, p. 364.

Where there has been a total loss on all the goods, if the policy is a valued one, the price fixed must be taken (*g*). Where the policy is open, the value of the goods is fixed by taking their invoice price at the port of lading, including premium of commission and insurance (*h*). And, perhaps, a payment made on the shipment of goods, as the price of the privilege of putting them on board, may be added to their value. But payments made for port charges, and other incidental expenses at the loading port, by virtue of a charter-party of which the insurers had no knowledge, cannot be so added (*i*).

Modes of valuing goods on open policy.

An insurance on cargo, or on goods, means the entire cargo, or all the goods to which the policy attaches. Therefore, if a part of the goods or cargo is safely put on shore, and the rest is lost, a proportionate deduction must be made from the amount that can be claimed from the insurers. And it makes no difference whether the policy is valued or open. Because, in each case, part of the subject-matter has been withdrawn from risk (*j*). On the same principle, an insurance on freight where nothing is said to the contrary, is considered to be an insurance on the freight of a full cargo or the charter of the entire ship. If, therefore, less than the full freight would have been earned, had there been no loss, a proportionate deduction must be made from the amount that can be recovered, in the event of a loss (*k*). The owner of a ship effected an insurance with the defendants for 1,500*l*. "upon freight valued at 5,500*l*. from New Orleans to Liverpool." At the time the insurance was effected, the freight upon a full cargo at the rates then prevailing would have been about 5,500*l*. The ship, however, met with an accident on her way out which delayed her return voyage, and, in the meantime, the rates fell materially. Ultimately she sailed with a full cargo, the freight on which was 3,250*l*., of which 925*l*. was paid in advance. On her way home she suffered a total loss of the balance of freight, viz.,

Deduction for subject-matter withdrawn from risk.

(*g*) *Lewis v. Rucker*, 2 Burr. 1171: *Irving v. Manning*, 1 C. B. 168; 2 C. B. 784; 6 C. B. 391.

(*h*) *Usher v. Noble*, 12 East, 639.

(*i*) *Winter v. Haldimand*, 2 B. & Ad. 649.

(*j*) *Tobin v. Harford*, 13 C. B. N. S. 791; 32 L. J. C. P. 134; affirmed in Ex. Ch. 17 C. B. N. S. 528; 34 L. J. C. P. 37. So in America: *Brook v. Louisiana Insurance Co.*, 4 Martin, N. S. 640, 681.

(*k*) *Forbes v. Aspinall*, 13 East, 323: *Denoon v. Home and Colonial Assurance Co.*, L. R. 7 C. P. 341; 41 L. J. C. P. 162.

2,298*l.* The plaintiffs collected under other policies 3,250*l.*, and sued the defendants for the entire sum of 1,500*l.* It was held that as to 925*l.* there had never been any risk; that the valuation under this policy could not be opened up in consequence of the fall of freights, but that the valued freights must be reduced by a sum (1,611*l.*) which bore the same relation to it that the actual freight (3,250*l.*) bore to the sum taken out of the risk (952*l.*). This left a sum of 3,889*l.* as the amount actually at risk on the valued policy, and, as 3,250*l.* had been paid by the other underwriters, the only sum recoverable from the defendants was 639*l.* (1).

Valuation of freight.

Where the insurance is on freight, and the policy is open, which rarely happens, the usage, sanctioned by decision, is to adjust the payment on the gross amount of freight payable, and not on the net amount after paying expenses (*m*).

Loss of part.

There may be a total loss of part of the freight, if the ship is so damaged that she either cannot absolutely, or cannot without extravagant cost, be repaired so as to bring home that part. But in estimating this, the cost must be calculated with reference to the entire value of ship and freight, not to the value of the freight only (*n*). In such a case, of course, an aliquot amount of the gross freight is the measure of damage.

Salvage.

In all cases of constructive total loss, whether of ship, goods, or freight, the insurer is entitled to the benefit of all that is made out of the subject-matter after the injury, as salvage (*o*).

Subrogation.

He is also entitled to the benefit of all rights and remedies possessed by the insured, which could be enforced, or which accrue to him, as a means of lightening his loss (*p*).

The net salvage is that which remains after the expense of saving it, which must therefore be made good to the owner by the underwriters who benefit by it in their respective proportions (*q*).

(1) *The Main*, [1894] P. 320.

(m) *Palmer v. Blackburn*, 1 Bing. 61.

(n) *Moss v. Smith*, 9 C. B. 104, 108.

(o) *Roux v. Salvador*, 2 B. N. C. 281, 288; *Green v. Royal Exchange Assurance Co.*, 6 Taunt. 72. See as to the principles on which the remuneration of the salvors is estimated, *The Glengyle*, [1898] P. 97; affirmed [1898] A. C. 519; 67 L. J. Q. B. 87.

(p) *North of England Insurance Association v. Armstrong*, L. R. 5 Q. B. 244. See *ante*, p. 365.

(q) *Sharp v. Gladstone*, 7 East, 24. As to the powers of the Court of

Where there is a policy of insurance on the freight of a specific cargo, if the captain, being driven back and unable to proceed with the original cargo, was yet able to proceed with a less cargo, on less freight, the underwriters are entitled to the benefit of this (r).

Where the loss is partial in the case of a ship, the question is, to what extent has she been injured by the accident? What was her difference in value before and after it? An obvious mode of ascertaining this is, by finding out what has been properly and prudently incurred in repairing the damage, excluding everything which amounts to actual new works or additions to the ship as she originally stood (s). If, however, the ship has been sold in her damaged condition, under circumstances which do not entitle the owner to claim for a total loss, the amount recoverable is the difference between the selling price and the value of the ship at the commencement of the risk (t). No allowance can be made for repairs which have not been effected, unless the ship sold for less in consequence of not being repaired. If she did, such difference of price would be the result of the peril insured, and of this difference the cost of repairs would be the measure. A ship met with a collision, returned to port, and was repaired. On setting out again it was discovered that she still leaked, and she returned again, and was again examined, and for that purpose stripped of her lower strake of wales. In consequence of the misconduct of the surveyors in not replacing her wales, her lower timbers decayed so rapidly by heat and rain, that it finally became useless to repair her, and she was sold to be broken up. This, of course, could not be claimed for as a total loss, the proximate cause of the injury not being a peril insured against. The plaintiff, however, claimed to recover what would have been the cost of replacing the wales (which had not been replaced) as a partial loss. Held, that if he could have shown that he was about to refit the vessel to put her into the state of

Valuation of partial loss to ship.

Appeal to deal with the amount of salvage awarded by the first Court, see *The Accomac*, [1891] P. 349; 59 L. J. P. 91.

(r) *Green v. Royal Exchange Assurance Co.*, 5 Taunt. 68, 72.

(s) *Stewart v. Steele*, 5 Sco. N. R. 927; *Aitchison v. Lohre*, 4 App. Cas. 755; 49 L. J. Q. B. 123.

(t) *Pitman v. Universal Marine Insurance Co.*, 9 Q. B. D. 192; 51 L. J. Q. B. 561.

New for old.

a sailing ship, and that he meant to sell her as a sailing ship, that would have been one of the expenses which he might have insisted on. His measure of damage would then have been the expense of replacing the wales, or the difference in value between the ship so dismantled of her wales, and the ship with her wales put up again. But as she was sold avowedly to be broken up, and as for that purpose she would have fetched no more if the repairs had been executed, no allowance could be made on account of them (*u*). As, however, it would be unfair that the underwriters should pay the entire costs of the repairs while the owner is put in a better position than before by the substitution of new materials for old, a usage of subtracting one-third of the cost on this account has sprung up (*v*). The rule, however, extends no further than the reason for it; and therefore, where the owner has derived no benefit, as where the vessel was on her first voyage (*w*), or where the ship has never come into the owner's hands, being either sold or broken up (*x*), no such reduction is made.

A policy of insurance provided that if the insured should sustain or become liable to others for loss or damage by reason of the collision of his vessel with any other vessel, the corporation shall pay or make good to the insured such loss or damage, and indemnify him against such liability. Provided that this policy shall not extend to or cover any loss or damage which the insured may sustain or be liable to others for in respect of the cargo or engagements of the vessel. The plaintiff's vessel was injured by a collision, and he claimed under the insurance to recover damages for loss in consequence of detention during repairs. It was held that although such damages could have been properly recoverable in an action against the owners of the colliding vessel, they did not come within the meaning of

(*u*) *Stewart v. Steele*, 5 Sco. N. R. 927.

(*v*) *Poingdestre v. Royal Exchange Assurance Co.*, R. & Mood. 378 : *Aitchison v. Lohre*, 4 App. Cas. 755 ; 49 L. J. Q. B. 123. This rule does not apply to damages claimed for collision : *The Bernina*, 6 Asp. Mar. Law Cas. 65 : *The Munster*, 12 Times L. R. 264.

(*w*) *Fenwick v. Robinson*, 3 C. & P. 323 : *Pirie v. Steele*, 8 C. & P. 200. If the policy provides that the deduction shall not be made until the ship is of a certain age, but shall be made after that age, it becomes immaterial whether the first voyage has or has not been completed : *Byrne v. Mercantile Insurance Co.*, 4 H. & C. 506.

(*x*) *Da Costa v. Newnham*, 2 T. R. 407 : *Stewart v. Steele*, *ubi sup*.

the policy, which only referred to loss or damages to the vessels themselves (*y*).

Where there has been a partial loss upon goods, if the policy is valued, the rule is as follows. As the price which the goods would have fetched, if sound, on arrival at the port of delivery, is to the difference between the price and their market value at the same time and place, being damaged, so is the value in the policy to the amount payable as loss. And it makes no difference that, if they had not been damaged, they could have been kept and realised a much larger sum afterwards (*z*). Where the policy is not valued, the rule is still the same, substituting "the invoice price *plus* premium of insurance and commission," for "the value in the policy" (*a*). The object and effect of the rule in either case is the same, viz., to indemnify the assured without injustice to the insurer. The diminution in value is calculated by the relative price of sound and damaged goods at the port of delivery, where they would have to be sold; because it is their price there which alone can determine the ratio of loss. But the value in the policy, or the invoice price, is taken as the standard upon which payment is to be made; because otherwise the loss to the insurer would depend upon something against which he has not insured, viz., the rise or fall of the market. No allowance can be made in consequence of the fact that the damage caused to part of the goods has caused the whole cargo to fall in estimation, and has thereby affected the selling value of the uninjured portion of the goods (*b*).

Valuation of partial loss to goods;

There can only be a partial loss of freight, as distinguished from a total loss of part of the freight, by reason of expenses incurred in preserving it (*c*); these, of course, create no difficulty in estimating. A shipowner, on an insurance of freight, may recover for the profits which he would have made by carrying his own goods; for these profits are of the

partial loss of freight.

(*y*) *Shelbourne v. Law Investment Corporation*, [1898] 2 Q. B. 626; 67 L. J. Q. B. 944.

(*z*) *Lewis v. Rucker*, 2 Burr. 1167; *Cator v. G. W. Insurance Co.*, L. R. 8 C. P. 552; 42 L. J. C. P. 266.

(*a*) *Usher v. Noble*, 12 East, 646; *Waldron v. Coombe*, 3 Taunt. 162.

(*b*) *Cator v. G. W. Insurance Co.*, L. R. 8 C. P. 552; 42 L. J. C. P. 266.

(*c*) *Moss v. Smith*, 9 C. B. 103.

same nature, whether he carries his own goods or those of another (*d*).

The extent of damages to which the underwriters are liable may sometimes be very difficult to ascertain ; as, for instance, where a certain injury has happened from a cause insured against, and afterwards a fresh injury, which is not insured against, occurs, and no examination has taken place in the meantime ; the case, however, must still be left to the jury, and the apparent impossibility of arriving at a conclusion is no ground for directing nominal damages (*e*).

Charges incurred for the preservation of the vessel.

It is now settled that general average and salvage do not come within the suing and labouring clause. That clause is intended to encourage and induce the assured to exert themselves to preserve the subject-matter of the insurance, and only applies to labour undertaken by the assured themselves, or their agents, or by persons whom they have hired for the purpose (*f*). Nor does it apply unless the subject-matter of the insurance is in some peril for which the underwriters would be liable, and which the particular exertion has a tendency to counteract. For instance, if a ship is disabled on its voyage, the goods being uninjured, the charges of landing and transhipment are recoverable under this clause against the insurers of freight ; for without such transhipment the freight would be lost (*g*). They would not be recoverable against the insurers of the goods, since the circumstances of the case threw no liability upon them (*h*). Where 496 cases of goods, which had suffered damage from perils insured against, were landed for examination, and as the result of such examination 106 were found to be damaged and were then sold, while the remaining 391 were found to be undamaged, and were forwarded to their destination ; the insurers paid the difference between the invoice price (which was the same as the market price) and the auction price upon

(*d*) *Flint v. Fleming*, 1 B. & Ad. 45.

(*e*) *Hare v. Travis*, 7 B. & C. 14 ; *Knight v. Faith*, 15 Q. B. 670.

(*f*) *Aitchison v. Lohre*, 4 App. Cas. 755, at p. 764 ; 49 L. J. Q. B. 123 ; *Uzielli v. Boston Marine Insurance Co.*, 15 Q. B. D. 11 ; 54 L. J. Q. B. 142.

(*g*) *Kidston v. Empire Marine Insurance*, L. R. 1 C. P. 535 ; 2 C. P. 357 ; 36 L. J. C. P. 156.

(*h*) See *per Willes, J.*, L. R. 1 C. P. 548, explaining *Great Ind. Peninsula Co. v. Saunders*, 1 B. & S. 41 ; 30 L. J. Q. B. 218 ; 2 B. & S. 266 ; 31 L. J. Q. B. 206 ; *Booth v. Gair*, 13 C. B. N. S. 291 ; 33 L. J. C. P. 99.

the damaged goods, and also $\frac{1}{3}$ of the total cost of landing, examining, repacking, and delivery. It was held that they were not liable, as the plaintiffs contended, for the whole of the cost so incurred, and that their liability was properly restricted to the charges upon the goods actually damaged (*i*). Such expenses, when otherwise recoverable, are distinct from particular average, and are not excluded by the warranty against particular average as regards special classes of goods. That is to say, expenses will be awarded under this clause which were incurred to avert a peril for which the underwriters would be liable if it caused a total loss, or a loss above a particular percentage, even though the expenses by themselves, or coupled with the loss which has actually happened, do not make up that percentage (*j*). Such expenses can be recovered, though incurred before a total loss arising from a cause for which the insurers are not liable (*k*); and though they make the total amount greater than the subscription of the underwriter (*l*). We have seen that two-thirds only of those incurred in repairing the vessel can under certain circumstances be set up (*m*). The charges for provisions and wages, where a ship is detained by an embargo, fall upon the owner and are borne by the freight (*n*); these, therefore, are not recoverable from the insurer of the ship (*o*) unless it has been abandoned to him, and then as he stands in the place of the owner, he must bear them (*p*).

A claim against the insurers may also arise out of any contribution which the insured has been forced to make, in respect of an average loss. They are not bound, however, to reimburse to him the full amount of his contribution, but only that proportion of it which the value of his interest as insured bears to its value as estimated for the purposes of contribution; or to put the same thing in another way, the owner of the goods

Liability of insurers to reimburse a general average loss.

(*i*) *Lysaght v. Coleman*, [1895] 1 Q. B. 49; 64 L. J. Q. B. 175.

(*j*) *Kidston v. Empire Marine Insurance*, *ante*, p. 380.

(*k*) *Lirie v. Janson*, 12 East, 648.

(*l*) *Le Cheminant v. Pearson*, 4 Taunt. 367; *Lohre v. Aitchison*, 3 Q. B. D. 558, 566. The reversal of this case in 4 App. Cas. 755; 49 L. J. Q. B. 123, merely decided that the particular expenses did not come within the clause.

(*m*) *Ante*, p. 378.

(*n*) *Da Costa v. Newnham*, 2 T. R. 414.

(*o*) *Robertson v. Ewer*, 1 T. R. 127.

(*p*) *Thompson v. Rowcroft*, 4 East, 34.

(as one of the parties to the contribution) has to pay in contribution (suppose) 10 per cent. on their contributory value; but the underwriter has only to pay to the owner of the goods (as his assured) 10 per cent. on their value in the policy. Therefore, if the contributory value of the goods be 1,500*l.*, and they are only insured for 500*l.*, the owner will have to pay 150*l.* contribution, but he can only recover 50*l.* of this from the insurer (*q*).

How far
bound by
foreign
adjustment.

Where the adjustment of the average loss has been settled in a foreign port, on principles different from those which would have been acted upon in England, the underwriter is bound by such adjustment, when rightly settled according to the laws and usages of the place where it is made, and could have been enforced (*r*). But in the absence of clear proof that the usage of the country is such, the underwriter is not bound, unless the loss would be an average one in the country where the policy is made; and the mere recital of the law on the face of the foreign decree, assuming the supposed usage as its foundation, is not proof enough (*s*).

Interest.

As to interest under stat. 3 & 4 W. IV. c. 42, see *ante*; tit. Interest (*t*). Independently of this statute, interest cannot be recovered as a matter of right (*u*).

General
Average.

IV. It now remains to give a brief sketch of the doctrine of General Average, so far as it is connected with the question of damages.

A general average loss is defined to be a loss arising out of extraordinary sacrifices voluntarily made, or extraordinary expenses necessarily incurred, for the joint benefit of ship and cargo. Where such a loss has taken place in a sea adventure, all the parties engaged in it are bound to make good the loss

(*q*) 2 Arnould Ins. 950; 917, 6th ed.

(*r*) *Walpole v. Ewer*, Park Ins. 898, 8th ed.: *Newman v. Cazalet*, *ibid.*, 900, 8th ed.: *Harris v. Scaramanga*, L. R. 7 C. P. 481; 41 L. J. C. P. 170: *The Mary Thomas*, [1894] P. 108; 63 L. J. P. 49. See the American cases, 2 Phill. 165. And the same rule was adopted where the insured had contracted to be bound by the practice of British average adjusters, although such practice was in fact erroneous: *Stewart v. West Indian & Pacific Steam Ship Co.*, L. R. 8 Q. B. 88; 42 L. J. Q. B. 84; affirmed L. R. 8 Q. B. 362; 42 L. J. Q. B. 191.

(*s*) *Power v. Whitmore*, 4 M. & S. 141; 2 Arn. 946; 814, 4th ed.; 912, 6th ed.

(*t*) *Ante*, p. 169.

(*u*) *Kingston v. McIntosh*, 1 Camp. 518.

incurred by one or more of their co-adventurers, by reason of such sacrifice or expense (*v*).

It does not come within the scope of this work to examine the cases in which this claim arises, nor to inquire when the loss may be subject of contribution, and when it must be borne by the shipowner. These questions fall strictly within the law of shipping and insurance, and will be found amply discussed in every treatise upon the point. Supposing, however, a claim for general average contribution to be established, it will then be necessary, with a view to damages, to ascertain, First, what is the fund from which contribution is to be made: Second, what are the principles upon which that contribution is to be calculated. These two heads will establish the amount of contribution to which the party suffering is entitled.

I. The ship and freight always contribute (*w*). And all goods carried for traffic, whether they pay freight or not, and whether they belong to merchants, passengers, owners, or masters (*x*). And such goods pay according to value, not weight; for the contribution is made not on account of the incumbrance to the ship, but of the safety obtained. Therefore, in this country bullion and jewels contribute according to their full value (*y*). But gold or silver, jewels, precious stones, or other articles of value, do not contribute when carried about the person, or forming part of the wearing apparel, nor does the luggage of passengers (*z*). Deck goods contribute though they are in general not contributed for (*a*). Provisions and

Sources of
contribution.

(*v*) Arn. 877; 891, 6th ed. As to what operations are for joint benefit of ship and cargo, see *Job v. Langton*, 6 E. & B. 779; 26 L. J. Q. B. 97; *Moran v. Jones*, 7 E. & B. 523; 26 L. J. Q. B. 187; *Kemp v. Halliday*, 6 B. & S. 723; L. R. 1 Q. B. 520; 35 L. J. Q. B. 156; *Walthew v. Mavrojan*, L. R. 5 Ex. 116; 39 L. J. Ex. 81, in Ex. Ch.; *Harrison v. Bank of Australasia*, L. R. 7 Ex. 39; 41 L. J. Ex. 36; *Robinson v. Price*, 2 Q. B. D. 91, 295; 46 L. J. Q. B. 22, 551; *Shepherd v. Kottgen*, 2 C. P. D. 578, 585; 47 L. J. C. P. 67; *Atwood v. Sellar*, 5 Q. B. D. 286; 49 L. J. Q. B. 515; *Stensden v. Wallace*, 13 Q. B. D. 69; 53 L. J. Q. B. 385; affd. 10 App. Ca. 404; 54 L. J. Q. B. 497; *The Bonn*, [1895] P. 125; 64 L. J. P. 62.

(*w*) Abbott, Ship., 8th ed. 503; 657, 13th ed., unless the ship-owner is the only person interested in both ship and freight, as where the loss claimed as general average occurred when the ship was proceeding in ballast on her outward voyage for the purpose of earning freight on the return voyage. *The Brigella*, [1893] P. 189; 62 L. J. P. D. A. 81.

(*x*) Abbott, Ship., 502; 657, 13th ed. *Brown v. Stapleton*, 4 Bing. 119.

(*y*) Abb. *ubi sup.*, 1 Magens, 62, 63.

(*z*) Arn. 919; 890, 6th ed. Abb. 503; 657, 13th ed.

(*a*) Stevens, 210; (Am. ed. Phill.); Arn. 919; 890, 6th ed.

warlike stores do not contribute (*b*), although if cast overboard their amount is refunded. The reason of this is stated to be, that these articles themselves are the means of preserving and benefiting the whole. But this reason might with equal propriety be applied to all the ship's furniture. The true reason appears to be, that provisions, being destined to be consumed during the voyage, belong to wear and tear. The exception, however, only extends to what is meant to be used during the passage, and not to such provisions as may be shipped on freight (*c*). Goods carried by mariners on their own account contribute, unless perhaps when the permission of carrying a certain quantity is granted to them in lieu of wages (*d*).

Mariners do not contribute for their wages, except in the single instance of the ransom of the ship. In that case they are required to contribute, in order to encourage resistance (*e*). Ransom is now prohibited by statute (*f*), but only in the case of enemies. It is still lawful when the vessel has fallen into the hands of pirates or other plunderers (*g*).

Things
sacrificed
contribute.

That which has been sacrificed contributes, in general average, equally with that which has been saved. Otherwise the owner, receiving their total value, would suffer no loss by the sacrifice, while the other owners would. Not only goods jettisoned, but those which have been sold for the benefit of ship and cargo, contribute, for they are equally contributed for : and the same is the rule as to the freight which would have been payable in respect of them : for it is also contributed for, and must therefore take its share in the entire loss (*h*).

Only property
exposed to
risk contri-
butes.

Nothing of course contributes which has not been exposed to the risk ; because if it was never placed in jeopardy, it was not saved by the loss, and cannot be liable to make it good. Therefore, neither goods landed, nor sold for the necessities of

(*b*) *Brown v. Stapleton*, 4 Bing. 119.

(*c*) Benecké, 307.

(*d*) Benecké, 308.

(*e*) Abb. 504 ; 658, 13th ed. ; Benecké, 308.

(*f*) 22 G. III. c. 25 ; 43 G. III. c. 160, ss. 34, 35 ; 45 G. III. c. 72, ss. 16, 17.

(*g*) Arn. 916 ; 887, 6th ed.

(*h*) Arn. 918 ; 889, 6th ed. ; Stevens, Av. 61, 6th ed. ; Abb. 505 ; 663, 13th ed.

the ship before jettison, nor those taken on board afterwards, contribute (i). Nor do goods which have been jettisoned themselves contribute for any subsequent disaster, nor does the owner of goods jettisoned, who recovers them after a second jettison, contribute towards such subsequent loss (j).

Freight, in order to be contributory at all, must have been pending at the time of the sacrifice. If the cargo, or part of it, has been delivered before the average loss, the freight due in respect of it does not contribute, nor does freight paid in advance (k). Where a ship was chartered for an entire voyage out and home, under a stipulation that no freight was to be paid for the home voyage, unless both were performed safely, and a general average loss occurred on the out voyage, it was held that the freight home should contribute, on the ground that it was one entire sum (l). But this decision has been doubted by Benecké (m), who thinks that the freight ought to have been apportioned with a view to contribution, and that each voyage should bear its own loss (n).

Freight when contributory.

II. The principles upon which the contribution is to be made must depend upon two points: First, the mode of estimating the loss incurred; secondly, that of estimating the value of the property saved.

Valuation of loss;

1. As to goods; this will depend upon the place where the adjustment is effected. If at the port of starting, the value will be the price of the goods, increased by the shipping charges and insurance, if the goods cannot be replaced (o). If they can be replaced, their cost price and charges without insurance, which

of goods.

(i) Arn. 917; 888, 6th ed.; *Royal Mail S. P. Co. v. English Bank of Rio Janeiro*, 19 Q. B. D. 362; 57 L. J. Q. B. 31.

(j) Arn. 918; Benecké, 182; but see Arn. 889, 6th ed., where the modern practice is stated to be different.

(k) Arn. 937; 905, 6th ed.; Benecké, 314. But if it is not to be recovered back by the shipper in any case, it contributes in the hand of the shipper, either directly as an interest in freight, or indirectly in the enhanced value of his goods at risk: *Frayes v. Worms*, 19 C. B. N. S. 159; 34 L. J. C. P. 274; Arn. 905, 6th ed.

(l) *Williams v. London Assurance Co.*, 1 M. & S. 318.

(m) P. 315.

(n) See 2 Phill. 142, as to cases where a ship is chartered for successive ports.

(o) Benecké, 289; Arn. 929; 898, 6th ed.: *Tudor v. Macomber*, 4 Pick. 34; 2 Phill. 131. Prepaid freight must be also added if the goods would have been carried on: *Fletcher v. Alexander*, L. R. 3 C. P. at pp. 385, 387; 37 L. J. C. P. 200, 202: *Frayes v. Worms*, *supra*.

Deduction
for probable
injury.

will be saved (*p*). Where the adjustment takes place at an intermediate port, or at the port of destination, they are taken at the net value they would have sold for there, deducting freight, duty and landing expenses (*q*). If, however, the rest of the goods saved have been damaged by the same accident as that which caused the jettison, or by a subsequent disaster, it may be presumed, that if the goods cast away had remained on board, they would have met a similar fate. Their value must be estimated as if they had arrived at the port of adjustment in a state of as great damage as the rest of the cargo (*r*). And if liable to leakage, or breakage, a similar deduction ought to be made on that account (*s*). If the goods jettisoned are recovered before adjustment, the loss is estimated by adding the amount of damage they have sustained to the expense of recovering them (*t*).

Jewels, &c.

Where jewels or other articles of great value are designated in the bills of lading as of inferior value, they are allowed for at the value stated. But articles of this nature in passengers' trunks are allowed for at their real value, because no bills of lading are signed for such goods (*u*).

Deck goods.

As a general rule, goods taken on deck are not contributed for if lost (*x*). But where an established usage to carry goods in this

(*p*) Benecké, 288.

(*q*) Arn. 929 ; 899, 907, 6th ed. ; Benecké, 288, 289.

(*r*) Benecké, 290 ; Arn. 930 ; 899, 6th ed. This question was considered in a recent case, in which half of a cargo of salt on board of a ship which sailed from Liverpool to Calcutta, was jettisoned on the Irish coast, and the other half brought back to Liverpool so damaged as to be almost worthless. The conclusion to be drawn from the discussion would seem to be, that there is no rule or presumption of law respecting the condition in which the goods jettisoned would have arrived if they had not been thrown overboard ; but regard must be had to all the probabilities of the case, the nature of the goods, and the mode in which they were packed. And that if, under the circumstances of that case, the average stater came to the proper conclusion that they would have arrived at Liverpool in a sound state, so that they might have been carried on, the value would be the cost price, with the shipping charges, premium, and prepaid freight. If, on the contrary, he came to the conclusion that they would have arrived so damaged as not to be worth carrying on, or the ship was so damaged that she could not be repaired so as to carry on the adventure, the value of the goods in their damaged condition must be taken without freight or charges : *Fletcher v. Alexander*, L. R. 3 C. P. 375 ; 37 L. J. C. P. 193.

(*s*) 2 Phill. 131.

(*t*) Arn. 930 ; 899, 6th ed. ; 2 Phill. 134.

(*u*) Benecké, 294.

(*x*) *Ross v. Thwaite* ; *Backhouse v. Ripley*, Park Ins. 23, 24 : *Miller*

manner is proved, they may be contributed for ; as, for instance, timber, or pigs carried between Waterford and London (*y*).

The amount payable for freight of goods jettisoned is calculated at the gross amount they would have earned if saved (*z*). But if part of the goods saved by the jettison are afterwards lost, it must be presumed that a similar portion of those cast away would have been lost also, and freight can only be allowed on the residue (*a*). Freight.

Damage done to the ship in such a manner as to form a general average loss, may amount to a partial injury, or a total destruction. In the former case, the measure of indemnity is the cost of repair, deducting one-third new for old (*b*). In the latter case, it was, however, contended that no contribution at all should take place. It was argued that where the destruction of the vessel, by running her aground, suppose, became absolutely necessary, it was no longer such a voluntary act as would constitute an average loss. That if it were not absolutely necessary, it was merely a gratuitous damage. The contrary doctrine, however, has been established in America, on the ground that such an act, though morally speaking necessary, involves a sufficient exercise of choice and volition to render it voluntary ; and that the owner ought not to be deprived of all recompense, because a greater loss has happened than was perhaps anticipated (*c*). The measure of adjustment in this case is the value the ship would have been to the owner, if he could have had her in security at the moment of the loss, and the gross freight which she would have earned (*d*). Ship.
When totally lost.

When goods are sold to raise money for the repairs of the ship, the loss in general falls wholly on the shipowner, and is Where goods have been sold.

v. Tetherington, 6 H. & N. 278 ; 30 L. J. Ex. 217 ; affirmed 7 H. N. 954 ; 31 L. J. Ex. 363.

(*y*) *Gould v. Oliver*, 4 B. N. C. 134 ; *Milward v. Hibbert*, 3 Q. B. 120 ; *Wright v. Marwood*, 7 Q. B. D. 62 ; 50 L. J. Q. B. 643 ; *Burton v. English*, 12 Q. B. D. 218 ; 53 L. J. Q. B. 133. In the United States, this exception in favour of established usage is not allowed ; Arn. 862, 6th ed., citing *Cram v. Aiken*, 13 Maine (1 Shepley). 229 ; *Lenox v. United Insurance Co.*, 3 Johns. (N. Y.), 178, 179 ; *Smith v. Wright*, 1 Caines, 43 ; *Dodge v. Bartol*, 5 Greenleaf, 286.

(*z*) Arn. 931 ; 900, 6th ed.

(*a*) Benecké, 291.

(*b*) Benecké, 294 ; Abb. 504 ; 551, 11th ed.

(*c*) *Columbian Insurance Co. v. Ashby*, 13 Peters, 331 ; 3 Kent, Comm. 239.

(*d*) *Ibid.* ; Arn. 831 ; 900, 6th ed.

not the subject of contribution ; for the owner of the ship undertakes to have the ship fit to perform her voyage, and any expense incurred for this purpose must be borne by him (e). The contrary, however, will be the case where they have been sold to effect repairs, which arise out of what was itself a general average loss. In such a case they must be contributed for according to the price they would have fetched at their port of destination, subtracting freight, duty, and landing expenses (f). The same questions as to the different mode of valuation arise in this case, as in that of goods sold by the master, for which the shipowner alone is answerable (g) ; and the same solution seems to be applicable. Mr. Arnould has no doubt that goods sold in this manner ought to be paid for whether the ship arrives in safety or not ; and distinguishes the case from that of jettison, on the ground that a debt is contracted by the sale, which is unaffected by the result of the adventure to which the money was applied (h).

Where money is raised for the general safety, and not merely to enable the shipowner to carry out his own contract, it must also be replaced by general contribution ; with all attendant expenses, such as charges incurred in drawing, interest whether ordinary or marine, and loss in the exchange (i).

Mode of valuing the property saved.

2. The broad principle upon which the property saved is estimated is, that the value of the property to its owners, as saved by the sacrifice or the expenditure, is the value upon which it ought to contribute towards making good the loss (k). As the adjustment is generally made at the port of discharge, this is, in most cases, their net value in the state in which they come into their owners' hands at the port of destination (l).

(e) *Powell v. Gudgeon*, 5 M. & S. 431, 437 : *Duncan v. Benson*, 1 Ex. 537 ; affirmed 3 Ex. 644 : *Hullett v. Wigram*, 9 C. B. 580 : *Atkinson v. Stephens*, 7 Ex. 567.

(f) Arn. 931 ; 901, 6th ed. ; 2 Phill. 129 ; Benecké, 274.

(g) *Ante*, p. 316 ; 2 Phill. 129.

(h) Arn. 924 ; 798, 4th ed. : *Powell v. Gudgeon*, 5 M. & S. 431. In Mr. Arnould's opinion the result of the authorities appeared to be—
1. That where goods are sold to defray the necessary repairs of the ship, they are paid for though the whole adventure may be finally lost.
2. That where they are sold for general average purposes, they are not to be contributed for unless something is saved ; Arn. 942, 2nd ed. ; 798, 4th ed. But see Arn. 892, 6th ed., *et seqq.*

(i) Arn. 932 ; 901, 6th ed. ; Benecké, 250.

(k) Arn. 932 ; 903, 6th ed.

(l) Arn. 933 ; 902, 6th ed.

When the ship is sold, the price of course determines her value (*m*). If not, her value is ascertained by taking her value at starting, and subtracting from it, 1st. The provisions and stores expended; 2nd. Any partial loss she has sustained up to the time of adjustment (*n*); 3rd. Natural wear and tear of the voyage, unless made good by the repair of a particular damage (*o*); 4th. Perhaps any subsequent general average losses to which she has had to contribute (*p*). To this result, however, must be added again the amount paid to the ship as contribution on account of general average loss to herself (*q*). The sum so found will be the value at which she is to contribute.

In the case of the ship.

In a recent case the same question arose in the following circumstances:—A ship of the estimated value of 6,000*l*. started on her voyage from Chittagong to Dundee. On the voyage she met with a storm which caused certain damage estimated at 3,429*l*. The ship was subsequently thrown on her beam-ends, and in order to right her the main-mast and fore-mast were cut away. The cost of repairing the general average damage was estimated at 5,797*l*. On the arrival of the ship by towage at Calcutta it was found that the cost of repairs would exceed her entire value when repaired, and she was accordingly condemned and sold as a constructive total loss. It was contended for the defendants, that a deduction of 1*s.* 3*d.* new for old ought to be made from the estimated cost of repairing the particular average damage. This was rejected by the Court on the ground that such a deduction could only be made where the repair had actually been effected, by which the owners of the ship were benefited. Incidentally the Court had to lay down the rules for estimating the value of the ship for the purpose of contribution. Lopes, L.J., said: "Putting the matter in popular language, the question is, what the shipowners lost by the general average sacrifice in this case. To determine that, it is necessary to see what they had at risk at the time when it was made. What they then had at risk could, as it appears to me,

Henderson v. Shankland.

(*m*) Arn. 934, n. (*k*); 813, n. (4), 3rd. ed.: *Bell v. Smith*, 2 Johns. 98. As to ships of exceptional character, see *ante*, p. 368, n. (*x*).

(*n*) Arn. 935; 904, 6th ed.

(*o*) Benecké, 312.

(*p*) Arn. 936, n. (*o*); 904, 6th ed.

(*q*) Arn. 936; 905, 6th ed.; Benecké, 311.

only be the value of the ship as it existed at that time. The ship having been previously damaged by perils of the sea, and a particular average loss having occurred, her value, when the general average sacrifice was made, would be her value as depreciated by the particular average damage. That value in practice can only be arrived at approximately, by deducting from her value as she existed before that damage occurred what it would cost to repair it. Deducting from the value so ascertained the amount for which the ship was sold at Calcutta, we get the amount of the general average loss" (r).

Goods.

Goods contribute on their actual net value, that is, on their market price at the port of adjustment, free of all charges for freight, duty, and landing expenses (s). When part of the goods are sold for money with a discount, and part on credit, by which a higher price is obtained; the usual discount and guarantee must also be deducted from the latter portion of their price. No deduction, however, is to be made for insurance premium, because it forms part of the prime cost, and its payment does not depend upon the future fate of the goods; nor for commission, because all parties are to be treated alike, whether the goods go into the hands of their proprietors, or of a commission agent (t).

Freight.

The shipowner saves by the measure taken for the general benefit, so much of the freight as he finally receives from it; deducting that part of the wages which remained unpaid at the time of the accident, and deducting also those port and other charges which he would not have paid if the vessel had been lost. This is consequently the amount for which the freight ought to contribute. Wages paid in advance ought not to be deducted; for these advances cannot be considered as diminishing the freight saved, with which they stand in no connection whatever (u). No contribution is due from freight, when, owing to the length of the voyage or other causes, it is entirely consumed by the wages, for its contributory value is only its excess over wages. On the same principle, when a ship is disabled, and a cargo sent home in a second, the excess of freight for the entire voyage over that paid to

(r) *Henderson v. Shankland*, [1896] 1 Q. B. 525, at p. 530; 65 L. J. Q. B. 340.

(s) Arn. 940; 907, 6th ed.

(t) *Benecké*, 301.

(u) *Benecké*, 313.

the substituted ship, alone forms the contributory value of freight (*x*).

The application of these principles will be best shown by an example of an adjustment, borrowed from Arnould on Insurance (*y*) :

VALUATION OF LOSSES.		VALUE OF ARTICLES TO CONTRIBUTE.	
Goods of A. jettisoned . . .	£500	Goods of A. jettisoned . . .	£500
Damage to goods of B. by the jettison	200	Net value of goods of B., de- ducting freight and charges . . .	1,000
Freight of A.'s goods jetti- sioned	100	Ditto of goods of C.	500
Price of new cable, anchor, and mast	£300	" " D.	2,000
Deduct $\frac{1}{2}$ new for old	100	" " E.	5,000
	200	Value of ship, deducting wear and tear, amount of particular average loss, stores and provisions	2,000
Expense of bringing ship off the sands	50	Clear freight, deducting wages	800
Pilotage and expenses of going into and out of port to refit . . .	100		
Expenses there	25		
Adjusting average	4		
Postage	1		
Total amount of losses to be contributed for	£1,180	Total contributory value	£11,800

Hence each person contributes 10 per cent. of the value of his property, and receives the amount of loss he has suffered.

The shipowners contribute	£280	
Are to be paid	480	
Actually receive		£200
A. contributes	50	
Is to be paid	500	
Actually receives		450
B. contributes	100	
Is to be paid	200	
Actually receives		100
		£750
C. } receive nothing and contribute severally	{ £50	
D. }	{ 200	
E. }	{ 500	£750

This amount equals the amount to be actually received, and must be paid to the persons entitled in rateable proportions.

The foregoing observations upon Marine Insurance and

(*x*) Arn. 939 ; 907, 6th ed. : *Searle v. Scovell*, 4 Johns. Ch. 218.

(*y*) Arn. 909, 6th ed. See, too, *Henderson v. Shankland*, [1896] 1 Q. B. 525 ; 65 L. J. Q. B. 310.

Average present only a very meagre sketch of the law of damages arising out of those branches. The whole subject, however, has been so exhaustively treated in various well-known books, that I thought it unnecessary to go to any greater length. The reader can easily fill up the outline from the sources indicated.

CHAPTER XII.

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|---|--|----------------------------------|
| 1. <i>Ejectment.</i> | | 3. <i>Writ of Quare impedit.</i> |
| 2. <i>Writ of dower unde nihil habet.</i> | | |

THESE actions were, when this chapter was originally written, the only mixed actions that remained. Indeed, ejectment was only such in a single instance.

1. The action of ejectment has undergone curious transformations since its birth. Originally, the lessee of land had no remedy when ejected, except on the covenant made with him by his landlord. In no case could he regain possession of the land. Then the writ of *quare ejecit* was invented, by means of which he could recover the term, if ousted by his landlord, or any one claiming under him. It did not extend to strangers, however. Later still, the writ of *ejectione firmæ* was devised, which enabled him to sue any ejector for damages, but he could not be replaced in possession of the soil by means of it. Finally, it became settled, apparently about the time of Henry VII. (*a*), that restitution of the land could be enforced in this manner. The action of ejectment, while retaining its form as a personal action, became, thenceforward, substantially a real action. The recovery of the soil alone was sought for, and only nominal damages were given (*b*). By the Common Law Procedure Act, 1852, it lost even the disguise of an action of trespass, and became avowedly a mere issue to try the right to the soil. The judgment was to recover possession of the land, without any mention of damages (*c*). This constituted it strictly a real action. In one case, however, it became a mixed action, from the possibility of recovering damages. This

Changes in
the character
of ejectment.

(*a*) Fitz. N. B. 505 ; 198, 220, 9th ed.

(*b*) See Adams, Eject. 1—7.

(*c*) Sched. A. 13—17.

Mesne profits recoverable. occurred in ejectment by landlord against tenant, it being enacted, that whenever it should appear at the trial that the tenant or his attorney had been served with due notice of trial, the claimant might be permitted, after his right was established, to give evidence of the mesne profits from the expiration of the tenant's interest down to the time of verdict, or some time preceding to be specially mentioned (*d*). As to damages in respect of mesne profits see *post*, Ch. 14.

Practice under New Rules. Now, under the rules and orders in force under the Supreme Court of Judicature Acts, actions for the recovery of land are commenced by the same writs as other actions (*e*); and claims may be added in respect of mesne profits or arrears of rent or double value in respect of the premises claimed or any part thereof, and damages for breach of any contract under which the premises or any part thereof are held, or for any wrong or injury to the premises claimed. No other cause of action can, however, be joined unless by leave of the Court or a judge (*f*).

Writ of dower. 2. Both the writ of right of dower and of dower *unde nihil habet* were preserved by 3 & 4 W. IV. c. 27, s. 36; but the right to damages which was given in the latter action by the statute of Merton, 20 Hen. III. c. 1, has now passed away, that statute having been recently repealed by the Statute Law Revision Act, 1881 (*g*).

Quare impedit. 3. Proceedings in *quare impedit* are now commenced by writ of summons in the ordinary form endorsed with notice that the plaintiff's claim is in *quare impedit*, and are subject to the rules and practice of ordinary actions (*h*). Previous to the stat. 2 Westm. II. c. 5 (*i*), the plaintiff in a *quare impedit* recovered no damages, lest any profit the patron should take should savour of simony; and this is the cause that the king

(*d*) 15 & 16 Vict. c. 76, s. 214; and they might be recovered, though no notice was taken of them in the writ or issue: *Smith v. Tett*, 9 Ex. 307.

(*e*) Ord. 2, R. 3.

(*f*) Ord. 18, R. 2. The writ can be specially endorsed; O. 3, R. 6. An action to establish title to land is an action for the recovery of land within this rule: *Whetstone v. Dewis*, 1 Ch. D. 99; 45 L. J. Ch. 49; see also *Cook v. Enchmarch*, 2 Ch. D. 111; 45 L. J. Ch. 504.

(*g*) 44 & 45 Vict. c. 59. The cases relating to such damages will be found if required in the earlier editions of this work. For the practice as to actions for assignment and arrears of dower, see 2 Seton on Decrees, 683; 2 Daniell's Ch. Pr. 1363.

(*h*) See orders and rules. Appendix A., Part 3 s. 4.

(*i*) 13 Ed. I. c. 5, s. 3.

in a *quare impedit* recovers no damages, because he is not within the purview of this act (*k*).

The above statute enacts, "that from henceforth in writs of *quare impedit* damages shall be awarded, to wit, if the time of six months shall pass by the disturbance of any person, so that the bishop do collate to the church, and the true patron lose his presentation for that time, damages shall be awarded to two years' value of the church; and if the time of six months shall not pass, but the presentment be deraigned within the said time, then damages shall be awarded to half a year's value of the church."

Stat. 2 Westm.
II. c. 5.

The value of the church, in computing damages in an action of *quare impedit*, is always to be estimated at what the church might have been let for (*l*).

If six months have passed since the church became void, and the bishop have not collated, the plaintiff in an action of *quare impedit* has an election to pray a writ to the bishop; in which case, as he does not lose his presentation for that time, he can only recover damages to the amount of half a year's value of the church; or as the right of collating has accrued to the bishop, he may proceed in the action, in order to recover damages to the amount of two years' value of the church; but if he elect to do the latter he loses his presentation for that time (*m*).

Where bishop
has not
collated.

If six months have passed since the church became void, and the bishop have collated, yet if the incumbent be afterwards removed, in consequence of a judgment in an action of *quare impedit*, damages can only be recovered to the amount of a half year's value of the church; because the plaintiff does not in this case lose his presentation for that time (*n*). And where the plaintiff's clerk had been admitted and inducted, and remained in possession for more than half a year, until he was turned out by a writ of restitution, the Court refused to give full damages (*o*).

Where bishop
has collated.

Damages are recoverable in an action of *quare impedit*

Damages
against every
disturber.

(*k*) 2 Inst. 362.

(*l*) 2 Inst. 363.

(*m*) *Ibid.*: *Bishop of Exeter v. Freake*, 1 Lutw. 901: *Holt v. Holland*, Lev. 59, *contra*.

(*n*) 2 Inst. 363.

(*o*) *Earl of Pembroke v. Bostock*, Cro. Car. 174.

against every disturber of the patron in his right of presenting (*p*) ; therefore in *quare impedit* against the patron and incumbent, where the plaintiff has recovered the advowson after the lapse of six months, if the incumbent has counterpleaded the title of the plaintiff, the two years' value may be recovered against him as well as against the patron (*q*).

"Six months"
how con-
strued.

The words "six months" in the above statute are to be understood to be six calendar months, being clearly equivalent to the half year spoken of in the same clause (*r*). When judgment was given within six months, but, before the writ could be served upon the bishop, that period had expired, upon which he collated by lapse, it was held that only damages for the half year could be recovered (*s*).

Equitable
application of
statute.

But where upon the foundation of a chauntry the composition was, that if the patron present not within a month the ordinary shall collate ; in a *quare impedit*, brought for this chauntry, if the month be past, the plaintiff shall recover damages for two years within the equity of the statute, because the patron in such a case loses the presentation, though six months have not elapsed (*t*).

Where no
actual loss.

When the plaintiff recovered in *quare impedit*, and there was no other disturbance but the presentation of the king who had revoked it, and no disturbance by the incumbent, the plaintiff was held not entitled to damages (*u*). But it was said by Newton, J., that a man shall recover damages in *quare impedit* where he was never disturbed ; and Ashton, J., laid it down, that if I present and my clerk is inducted, and J. N. brings *quare impedit* against me for this, and after is nonsuited, I shall have damages (*x*).

When two
years' value
may be
recovered.

When the plaintiff brought *quare impedit* against the bishop, and also against J. T. of the same church, and the bishop confessed the disturbance, and J. T. traversed the title of the plaintiff, which was found for the plaintiff ; the plaintiff claimed a writ to the bishop, and two years' value, the six

(*p*) 2 Inst. 363.

(*q*) 2 Inst. 363.

(*r*) *Tullet v. Winfield*, 3 Burr. 1455.

(*s*) 2 Inst. 363.

(*t*) 2 Inst. 362.

(*u*) Br. Dam. pl. 171.

(*x*) Br. Quare Impedit, p. 83 ; citing 22 H. VI. 25.

months having expired. Thorp, J., said, you cannot have the value of two years and writ to the bishop ; and because the ordinary cannot have the lapse when he confesses the disturbance, it was awarded that the plaintiff should have writ to the bishop, and damages of half a year (*y*).

(*y*) Br. Qu. Imped. pl. 103. See the three last cases cited in 17 Vin. Abr. 465—467, ed. 1743.

CHAPTER XIII.

- I. *Trover.*
- II. *Detinue.*
- III. *Trespass to goods.*

- IV. *Replevin.*
- V. *Illegal Distress.*

WE now pass from contracts and real actions to the wide region of torts. Here we are at once struck by the fact that damages are no longer an invariable matter of calculation, but in many cases are committed almost entirely to the discretion of the jury. Even here, however, as was remarked before (*ante*, p. 44), the jury are never left wholly to their own caprice. They are always to keep certain principles in view, while forming their estimate, and sometimes these principles can be applied with such accuracy as to make their verdict a mere matter of arithmetic.

Actions of tort comprise all injuries to property, person, or character. The first class are always capable of strict valuation; the second are so frequently, but not always; the third probably never. It will be most convenient to adopt the old rule of method, and proceed from that which is more certain to that which is less so; and as actions in respect of goods are more frequent than those in respect of land, we shall begin with the former. The names of the old forms of action have been retained, as being the most convenient way of classifying the various sorts of relief that may be sought for.

I. One of the most ordinary actions for the recovery of goods was that of *trover*. The gist of this action is the wrongful conversion of the property to the defendant's own use, and not as in *trespass*, the original wrongful taking (*a*); consequently the measure of damages is in general the value of the goods.

Damages in
trover are
given for the
conversion.

(a) *Bac. Ab. Trover, A.: Henderson v. Williams*, [1895] 1 Q. B. 521; 64 L. J. Q. B. 308.

The manner in which they were obtained is immaterial. The only point of difficulty is in ascertaining the value, where it has varied at different times, or where any circumstances prevent precise proof.

Where the article has fluctuated in price, it is by no means settled in England whether it is to be estimated at its value at the time of conversion, or at any later time. The value of a bill of exchange, for instance, is perpetually changing according as interest accumulates upon it. In one case, Lord Ellenborough directed that interest should only be allowed up to the time of conversion (*b*); but this decision was subsequently denied to be law by Abbott, C.J. (*c*). This was an action of trover for East India Company's warrants for cotton. Evidence was given that at the time of the conversion the cotton was worth 6*d.* per lb., but at the trial it was worth 10½*d.* He ruled that the jury were not limited to the former value, saying, "The jury may give the value at the time of the conversion, or at any subsequent time, at their discretion, because the plaintiff might have had a good opportunity of selling the goods if they had not been detained." And this rule is fortified by the analogy of actions for not replacing stock, in which we have seen that the measure of damages, where there has been a rise in price, is not the value at the time it ought to have been delivered, but at the time of trial (*d*).

Mode of calculating value where there has been a change in the price.

In America there is as usual a conflict of law. The high authority of Kent, J., ranks in support of the doctrine of Lord Tenterden. He said, in one case, "The value of the chattel at the time of the conversion is not in all cases the rule of damages in trover. If the thing be of a determinate and fixed value it may be the rule; but where there is an uncertainty or fluctuation attending the value of the chattel, and it afterwards rises in value, the plaintiff can only be indemnified by giving him the price of it at the time he calls upon the defendant to restore it; and one of these cases even carries down this value to the time of trial" (*e*). On the other hand, Story, J., laid it

Rule in America.

(*b*) *Mercer v. Jones*, 3 Camp. 477.

(*c*) *Greening v. Wilkinson*, 1 C. & P. 625.

(*d*) See *ante*, p. 190.

(*e*) *Cortelyou v. Lansing*, 2 Caines' Ca., 200: *West v. Wentworth*, Cowen, 82.

down, "that the true rule is the value of the property at the market price at the time of the conversion" (*f*). And this is the doctrine acted upon in *Massachusetts* (*g*). Mr. Sedgwick, takes the same view, "unless the plaintiff has been deprived of some particular use of his property, of which the other party was apprised, and which he may be thus said to have directly prevented" (*h*).

Damages for
conversion of
bill of ex-
change

It is evident that the decisions in *Mercer v. Jones* and *Greening v. Wilkinson*, cited above, are not so completely the converse of each other, as that one-must necessarily be right because the other is wrong. Whatever the rule may be in the case of goods, whose price is changed since the conversion, I conceive that damages in trover for a bill of exchange should always include interest up to the time of verdict, if the bill itself bore interest. There is no real analogy between the increase in value of a bill, from the accumulation of interest upon it, and the increase in value of goods, from a rise in their price. The former increase is merely a compensation for the loss undergone by delay in the payment of the debt which the bill represents. The latter increase is simply a gratuitous and accidental bonus, obtained by the holder of the goods; consequently, if, in trover for goods, damages were fixed at the time of their conversion, although their rightful owner might be deprived of a profit, still it would be a profit which he might never have acquired, and for which he gave no consideration; which was not, in fact, part of his contract in purchasing the goods. On the other hand, if the same rule were adopted in trover for a bill, the plaintiff would be deprived of all interest on his debt from the time of conversion up to the time of trial; he would be put in a worse position than he could possibly have been in, had the wrongful act never been committed; and his loss would be one against which he had expressly contracted when taking the bill, and which must have been contemplated by the party who appropriated it.

I am not aware of any case directly affirming or denying the authority of *Greening v. Wilkinson* (*i*). The question of

(*f*) *Watt v. Potter*, 2 Mason, 77.

(*g*) *Kennedy v. Whitwell*, 4 Pick. 466.

(*h*) Sedg. Dam. 505; 391, Vol. 2, 7th ed.; s. 497, 8th ed.

(*i*) Maule, J., is reported to have spoken of it as "hardly consistent with the modern doctrine:" *Reid v. Fairbanks*, 13 C. B., at p. 728.

damages in trover arose again in a modern case, under the following circumstances. The master of a ship, which was disabled so as to be unable to carry on its cargo, sold it at Bahia. The shipowner tendered the price for which the goods sold, minus general average and other expenses, to their owner who brought trover. The goods had sold very low, and the jury were directed to give as damages, not the price for which they had sold but the invoice price, and the amount paid for freight. Wilde, C.J., said, "The question for the jury was, what was the amount of damage the plaintiff had sustained by the unauthorised sale of the salt at Bahia. They found that the value of the salt to the plaintiff at the time of the sale was the invoice price, and the freight paid for carriage. I cannot say that they have done wrong. As far as the defendants are concerned it meets the justice of the case, and indeed it hardly amounts to an indemnity to the plaintiff, for he loses the interest of his money." Crosswell, J., said, "I do not see how else they could estimate the value of the goods to the shipper than by taking the last price, and adding the expense incurred in getting the goods towards the merchants. What the cargo fetched by a forced sale at Bahia clearly was no fair test. The plaintiff did not want the goods there" (*k*). The reader in considering this case will do well to distinguish between the value of goods and their selling price. The two are only identical when the owner is under a necessity to sell; or, at all events, anxious to do so. In the present instance, the Court evidently wished to give their value at the time they were sold. But their price at Bahia was no more a criterion of this value than the price which a carrier could obtain at a roadside public-house for a case of jewels, would be a criterion of *their* value in an action of trover against him. It does not appear what the value of the goods was at the time of trial, and no point was made to raise the question. The decision seems, however, by implication, to exclude such a measure, and to favour the view taken by Mr. Sedgwick, viz., that the price for which goods might have been sold is a matter of speculative damage, and

Damages for conversion of goods whose value had changed.

(*k*) *Exobank v. Nutting*, 7 C. B. 797, 809, 811. In *Acatos v. Burns*, 3 Ex. D. 282; 47 L. J. Ex. 566, which was a similar case, it was admitted that the selling price—77*l.*—was not to be taken as the value of the goods, which was settled by agreement at 100*l.*

ought not to be allowed for. In another case the action was for conversion of a quantity of logs of timber lying felled in a forest in Burmah. It appeared that the principal or only market for them was in Rangoon, to which it was customary to take them by water. It was held that the damages might properly be taken at what would have been their selling price at Rangoon, deducting the cost of taking them there (*l*).

This doctrine seems also to be strongly confirmed by the language of the legislature. The Act (*m*) which allows interest in actions of trover and trespass, states that it is to be given "over and above the value of the goods *at the time of the conversion*," or seizure. This clearly assumes that the conversion is the time in reference to which they are to be valued, and not any subsequent period.

Of course instances might occur in which goods were intended not for mere sale, but for some special purpose, which has been frustrated by their conversion. Loss arising in this manner might, it is apprehended, be recovered as special damage, and ought to be so laid. This point will be the subject of discussion later in the present chapter.

Damages vary according as plaintiff was forced to sell or not.

The same distinction alluded to above, as to whether a plaintiff was, or was not forced to sell, has been relied on as affecting the damages in a different class of cases. I refer to those in which the conversion has been followed by a sale; and the attempt has been to make the selling price conclusive as to the value of the property.

Where goods have been seized and sold after a bankruptcy by some person who fails to maintain title to them, if the sale has been *bonâ fide*, the trustee is only entitled to the amount produced by it, and not to the full value of the goods. For he was himself bound to sell (*n*), and in such a case, where the action is against the sheriff, the jury may, if they think fit, deduct from the damage his expenses in selling. For the trustee would, in any case, have had to incur them (*o*). But if the trustee could have sold by private contract, or if the sales by

(*l*) *Burmah Trading Corporation v. Miza Mahomed*, L. R. 5 I. A. 130, following *Morgan v. Powell*, 3 Q. B. 278, *post*, p. 406.

(*m*) 3 & 4 W. IV. c. 42, s. 29.

(*n*) *Whitmore v. Black*, 13 M. & W. 507; *Whitehouse v. Atkinson*, 3 C. & P. 344.

(*o*) *Clarke v. Nicholson*, 6 C. & P. 712; 1 C. M. & R. 724, S. C.

the sheriff had taken place in different counties so as to cause unnecessary expense, it would be otherwise (*p*). On the other hand, where the plaintiff was under no necessity to sell, as where her goods were seized under a *fi. fa.* against a man falsely supposed to be her husband, she was held entitled to the full value of the goods, and not merely the price for which they sold (*q*).

A curious question has been raised in America, as to the value at which an article is to be estimated, which has been changed into some new form by its wrongful taker. In New York it has been several times ruled, that the whole value of the article in its new form may be recovered; as for instance, where timber has been converted into boards, wood into coals, black salts into pearl-ashes (*r*). The doctrine is made to rest on the authority of some old cases. A defendant in trespass pleaded that a third person had entered upon his lands, and cut down his trees and made timber of them, and given the timber to the plaintiff. That he had retaken the timber, which was the trespass complained of. The Court held the plea good, saying, "In all cases in which a thing is taken tortiously and altered in form, if that which remains is the principal part of the substance, so that it may still be identified (*n'est le notice perde*); as, for instance, if a man takes my cloak and makes a doublet of it, I may re-take it. And so if a man takes a piece of cloth and then sews a piece of gold to it, I may still retake it. And if a man takes trees and afterwards makes boards of them, the owner may still retake them, *quia major pars substantiæ remanet*. But if the trees are planted in the ground, or a house is made of the timber, it is otherwise. Quære by the reporter as to the house, for it is the principal substance" (*s*). But it is apprehended that the case is not in point. The right of an owner to retake his own property, though altered in form and increased in value, when he cannot

Damages
when article
has changed
its form.

(*p*) *Ibid.* See *Smith v. Baker*, L. R. 8 C. P. 350; 42 L. J. C. P. 155, where the Court seemed to think that if the trustee in bankruptcy elected to treat the sale as a tort, he would be entitled to recover the full value of the goods, and any damages resulting to the estate from the sale; but that if he ratified the sale he could only recover the proceeds.

(*q*) *Glaspole v. Young*, 9 B. & C. 696.

(*r*) See the cases cited, Sedg. Dam. 508; 398, vol. 2, 7th ed.; s. 502, 8th ed.

(*s*) F. Moore, 19 pl. 67; and so 5 H. VII. 15; 12 H. VIII. 10.

separate what is his own from that which is added to it, rests upon necessity. It by no means follows that a jury, in giving damages, are bound to give the value of the altered chattel instead of that of the original, when the one value could be severed from the other. The reason no longer exists. The doctrine of the Roman law, upon which ours is founded in this respect, goes no further. It states that in such a case, "*Si ea species ad priorem et rudem materiam reduci possit, eum videri dominum esse, qui materiæ dominus fuerit; si non possit reduci, eum potius intelligi dominum, qui fecerit*" (*t*). But this merely decides who shall have the property, not what amount of damage shall be received for the alteration. It may be said that if the property of the improved article continues in the original owner, he must be paid for its detention on its full value. But I conceive that this by no means follows. Where a man mixes his own goods with those of another, so as to be undistinguishable, the property in the entire mass vests in the latter (*u*). But if the former were to carry away the entire mass as soon as he had mixed it, can it be said that the value of all could be recovered in trover? In short, may not the real principle be this: that the property in the improvement never does, in fact, vest in the original owner; but that as his property in the subject-matter continues he has a right to have it back either in value or in specie; in the latter case the improvements must follow, because they cannot be separated. In the former case they need not.

Cases in which minerals have been severed.

The only English authority, that I am aware of, which seems to oppose this view, is that of a class of cases in which the question has been, as to the mode of valuing minerals wrongfully severed and carried away. These will be found discussed hereafter (*x*), but the rulings founded upon them seem to rest upon peculiar principles not applicable to the question now under discussion.

On the other hand, there are two direct decisions, which probably settle the point. The first was an action of trover against a dyer for cloths given to him to be dyed, who claimed to retain them till the price of dyeing other goods was paid.

(*t*) 2 Inst. I. 25.

(*u*) Poph. 38: *Ward v. Eyre*, 2 Bulst. 323.

(*x*) *Post*, p. 405.

This was overruled, and the plaintiff had a verdict, but only for the amount of the goods as they were sent to him, in their white state (*y*). This of course is not conclusive, as the work was done by the plaintiff's orders, and the defendant had a lien to that extent. A later case, however, goes much farther. Trover was brought for a ship, the property of the plaintiff, which had been in an unfinished state at the time of the conversion, but was afterwards completed and sent to sea by the defendant. The plaintiff claimed its full value when finished, on the authority of *Martin v. Porter* (*z*). The Court of Common Pleas ruled, that the damages were its value at the time of conversion, which might be ascertained by taking its value at the place where it was built, when completed according to contract, and deducting the amount which it would have been necessary to lay out for that purpose after the conversion. Maule, J., said, in the course of the argument, "Although it be true that in trover the owner may recover for the conversion of the improved chattel, it does not follow that he is entitled to recover the improved value as damages. The proper amount of damages is the amount of pecuniary loss which the plaintiffs have been put to by the defendant's conduct" (*a*).

Reid v. Fairbanks.

The mode of assessing damages where minerals have been carried away by unauthorised mining, is to some extent anomalous, since a different principle of valuation is laid down according to the state of mind of the defendant. *Primâ facie*, the measure of damages ought to be the loss suffered by the owner, that is, the value to him of the property which he possessed, and of which he has been deprived. Now what he possessed was a mass of coal or iron in the earth, which was of no use to any one while it remained there. The owner could only utilize it by carrying it himself to a market, or by allowing some one else to do so. In either case, the value of the mineral would be represented by its price at the pit's mouth, *minus* all costs of severing and raising it. This is the exact loss to the owner by taking away his minerals without his consent. If the defendant is not allowed to deduct the cost of severing the

Cases of unauthorised mining.

(*y*) *Green v. Farmer*, 4 Burr. 2214. So *Hyde v. Cookson*, 21 Barbour (N. Y.), 92.

(*z*) 5 M. & W. 352, *post*, p. 406.

(*a*) *Reid v. Fairbanks*, 13 C. B. 692; 22 L. J. C. P. 207, S. C.

minerals, it is evident that the owner benefits by this cost, and is paid for expenditure which he has never incurred. On the other hand, if the defendant is allowed to deduct this outlay, then he is being paid for his own unlawful act. It is just as if a person, sued in trover for furniture, should ask to be allowed for the expense he had gone to in breaking open the plaintiff's house and picking his locks. No doubt the act of severance gave the coal a greater value than it had while buried in the mine. But this act could not be reimbursed in either of the old forms of action. In trespass it was itself the wrong complained of, and therefore clearly could not be at the same time a ground of counter-claim. On the other hand, the action of trover is equivalent to the plaintiff saying, "You had my leave to sever the coals for my use, but you then wrongfully appropriated them to your own use." Here, too, the severance cannot be allowed for, as there was no contract that the defendant should sever them for his own benefit, and the damages must be the value of that property which belonged to the plaintiff the moment before the act complained of, viz., the severed coal. In fact, it is hard to see what other damages could be given in trover. It can only be brought in respect of a chattel, and the value of the thing as a chattel, and not in some previous state when it was a fixture, must be the measure of damages. And accordingly in trover for fixtures which have been wrongfully removed, the plaintiff can only recover their value as chattels, though it may be less than their value was as fixtures (*b*). The rule should equally apply where it is for the benefit of the plaintiff and not of the wrong-doer.

Distinction as
to *bona fides*.

This difficulty has been met by establishing a distinction between the damages to be awarded, according as the act complained of was committed by a mere wrong-doer, or by a person who acted *bona fide* under the belief that the property on which he was mining was his own. The form of action in the first three cases which occurred (*c*) was trespass, and there it was held that the coal should not be estimated at its value as it lay in the bed, but at its price when it first became a chattel. This price might be ascertained by taking its value at the pit's mouth,

(*b*) *Clarke v. Holford*, 2 C. & K. 540.

(*c*) *Martin v. Porter*, 5 M. & W. 352; *Wild v. Holt*, 9 M. & W. 672; *Morgan v. Powell*, 3 Q. B. 278; 11 L. J. Q. B. 263.

and deducting the cost of raising it, but not the costs incurred for the purpose of severance. In all these cases the defendant was a contiguous mine-owner. In the two first it seems to have been assumed that he knew, or ought to have known, that he was trespassing. The last case was put upon the simple ground that "the defendant had no right to be reimbursed for his own unlawful act in procuring the coal." The same rule was extended to an action of trover in another case (*d*), where Parke, B., told the jury, that if there was fraud or negligence on the part of the defendant, they might give as damages, under the count in trover, the value of the coals at the time they first became chattels, on the principle laid down in *Martin v. Porter*; but that if they thought the defendant acted fairly and honestly, in the full belief that he had a right to do what he did, they might give the fair value of the coals as if the coal-field had been purchased from the plaintiff. This price would apparently be such as would allow the defendant the ordinary rate of profit after allowing for all costs of severance and raising. An actual purchaser clearly would not give more (*e*).

Costs of severance in mining cases.

The rule as laid down in *Wood v. Morewood* has been accepted by the Equity Courts, though with a leaning in favour of the defendant. Where, therefore, the mining had been carried on by the defendant under a *bonâ fide* and justifiable belief that he was entitled to do so, the Court in two cases directed that he should "be charged with the fair value of such coal and other minerals, at the same rate as if the mines had been purchased by the defendant at the fair market value of the district" (*f*). In another case of a similar kind, the Court awarded to the plaintiff a sum arrived at by taking the price of the coal at the pit's mouth, and deducting all costs of severance and raising (*g*). It does not seem to have occurred to the

(*d*) *Wood v. Morewood*, 3 Q. B. 440, n. See *Peruvian Guano Co. v. Dreyfus*, [1892] A. C. 166; 60 L. J. Ch. 749, where in a contest between two parties, each of whom claimed to be entitled to a cargo which had been taken possession of by the defendant, but which was ultimately adjudged to the plaintiff, it was held that the defendant was entitled to repayment of expenses properly incurred by him for freight and landing charges.

(*e*) See *Attorney-Gen. v. Tomline*, 5 Ch. D. 750, at p. 768, *post*, p. 409.

(*f*) *Jegon v. Vieian*, L. R. 6 Ch. 742, 760; 40 L. J. Ch. 369; *Hilton v. Woods*, L. R. 4 Eq. 432.

(*g*) *Re United Merthyr Collieries*, L. R. 15 Eq. 46; *Job v. Potton*, L. R. 20 Eq. 84; 44 L. J. Ch. 362; *Ashton v. Stock*, 6 Ch. D. 719.

judges who decided the last-named cases, that they were awarding a higher rate of damages than had been given in those previously cited. They seem, indeed, to have assumed that the measure was the same. It is plain, however, that it was different. No purchaser would give such a price for undug minerals as, with the addition of costs of severance and raising, would be exactly the value of the coal when brought to the surface. Such a price would leave him without any profit on the transaction. In other cases the penal mode of assessing damages laid down in *Martin v. Porter* was followed. All were trespasses by adjoining owners. In the first it does not appear whether the wrongful character of the act was, or was not, known to the trespasser. In the others his conduct was clearly fraudulent (*h*).

Case of owner
who cannot
mine.

In a Scotch case it appeared that the plaintiff, under whose land the minerals lay, owned so small a portion (an acre and half), that he could not have profitably worked the mine himself, nor could he have disposed of the right to work to any except the adjacent owners, who had carried away his coal under the *bonâ fide* belief that it was included in their lease. It was held by the House of Lords that the measure of damages was the value he could have obtained from the persons who were able to work it, and that this was to be ascertained by taking the royalty paid by the adjacent proprietor for the privilege of mining (*i*).

Case of tenant
with a veto on
mining.

In another case this curious state of things was supposed to exist. The defendant, who was the lord of the manor, was entitled to take certain minerals which lay under the land of the copyholder, but not without his permission. The copyholder had no right to the minerals other than that of forbidding their being taken. The lord of the manor carried them away without permission. In an action by the copyholder, Fry, J., held that the plaintiff had an absolute veto on the digging of the minerals, and that the measure of damages for digging without his permission was "the net returns from the

(*h*) *Llynvi v. Brogden*, 11 Eq. 188; 40 L. J. Ch. 46; *Fothergill v. Phillips*, L. R. 6 Ch. 770; *Taylor v. Mostyn*, 33 Ch. D. 226. See as to interest on amount of decree: *Phillips v. Homfray*, 44 Ch. D. 694; [1892] 1 Ch. 465; 61 L. J. Ch. 210; *per Kay, J., Tucker v. Linger*, 21 Ch. D., at p. 29.

(*i*) *Livingstone v. Rawyards Coal Co.*, 5 App. Cas. 25.

sale of the minerals, less such a sum of money by way of profit as would induce a third person to undertake the enterprise." On appeal the damages were held not excessive, because the Court found that the tenant was not a copyholder but a freeholder, who was himself entitled to the minerals. Assuming that he had only the rights of a copyholder, Jessel, M.R., was of opinion that the decision was wrong, since it would give the whole interest of the landlord to the copyholder who had the veto. He admitted that the case was one in which vindictive damages might be awarded, but he was of opinion that the proper direction to a jury would have been to give the actual damage done *plus* a reasonable sum by reason of the way in which the trespass was committed (*k*).

In all cases such as those under discussion, in addition to the value of the minerals, the plaintiff is entitled to recover damages for all injury done to the property itself, and to compensation for the exercise of passage, as way-leave (*l*).

Special
damage.

Where the plaintiff has deposited or transferred goods to the defendant on a contract, which is void *ab initio*, e.g., under the old law of usury, he may recover them in trover (*m*). And in such a case the full value of the goods must be given as damages, without deducting the amount actually paid to the plaintiff in pursuance of such contract (*n*).

Where goods
deposited
with defen-
dant under
void contract.

When the defendant in trover will not produce the article, it will be presumed against him to be of the greatest value that an article of that species can be (*o*). And on the same principle, where part of a diamond necklace, which had been lost by the plaintiff, was traced into the possession of the defendant who could not account satisfactorily for having it, and did not swear positively that the whole set had not come into his hands, the jury were directed to presume that the whole necklace had been in his custody, and to give damages accordingly (*p*). In all other cases, however, the plaintiff must strictly prove the

Presumption
as to value in
certain cases.

(*k*) *Attorney-Gen. v. Tomline*, 5 Ch. D. 750; 46 L. J. Ch. 654; 15 Ch. D. 150, at p. 153.

(*l*) *Morgan v. Powell, Jagon v. Virian, Llynri v. Brogden, Livingstone v. Rawyards, Attorney-Gen. v. Tomline, ubi sup.*

(*m*) *Tregoning v. Attenborough*, 7 Bing. 97; *Hely v. Hicks*, 3 Ir. L. R. 92.

(*n*) *Hargreaves v. Hutchinson*, 2 Ad. & Ell. 12.

(*o*) *Armory v. Delamirie*, 1 Stra. 504; 1 Sm. L. Ca. 343, 10th ed.

(*p*) *Mortimer v. Cradock*, 12 L. J. C. P. 166.

amount taken, and its value, even though the conversion be admitted by the pleadings. Otherwise there would be no evidence of damage more than nominal (*q*).

Value when sold.

Where goods are sold under a distress, the appraised value is never conclusive as to their worth, unless the jury are satisfied that the best means were taken to ascertain the value; and the fact that they sold for no more makes no difference (*r*).

Trover for title deeds.

In trover for title deeds, the jury give the full value of the estate to which they belong by way of damages, which, however, are generally reduced to 40s. on the deeds being given up (*s*).

Bills and notes.

In actions for the recovery of bills, the amount of the bill is also the measure of damages (*t*). It is no ground for reducing the damages that after the conversion the defendant has by his own act lessened the value of the bill, by procuring part of it to be paid (*u*). But in such a case, if he brought into Court the bill, and the money he had received in part payment of it, the verdict might be entered for a nominal sum (*x*). In another case the bills in question had been issued by the government of Peru, at the interposition of the British government, to the plaintiff as compensation for detention of his ship, and were retained by the defendant, and a verdict found against him for the full value of the bills. The bills at the place where they were payable were at a discount of 60 to 70 per cent., and were of no value at all in England, where the action was brought. The plaintiff by affidavits showed, that the bills would in his hands be worth the full amount they represented, being backed by the weight of the British government. The Court directed that they should be taken as worth

(*q*) *Cook v. Hartle*, 8 C. & P. 568.

(*r*) *Clarke v. Holford*, 2 C. & K. 504, and see *ante*, p. 402.

(*s*) *Loamare v. Radford*, 9 M. & W. 659; *Coombe v. Sansom*, 1 Howl. & Ry. 201.

(*t*) Numerous decisions in America have settled what seems to be the true rule, that the measure of damages is *prima facie* the amount of the bill or note, but the insolvency of the parties liable thereon, payment in whole or in part, or any other facts tending directly to reduce its value, may be shown in mitigation of damages. See 2 Parsons on Contracts, 471; *Potter v. Merchants' Bank*, 28 N. Y. 641; *Walrod v. Ball*, 9 Barb. (N. Y.) 271; Sedg. Dam., vol. 2, p. 403, 7th ed.; s. 380, 8th ed.

(*u*) *Alsager v. Close*, 10 M. & W. 576. As to interest, see *ante*, p. 400, and *post*, p. 412.

(*x*) 10 M. & W. 584.

the full amount of dollars they represented, and that, as to the value of the dollars, the plaintiff should be in the same situation as if the bills were drawn on a house of unquestionable solidity in Lima, the place of payment. The net amount recoverable was to be the value of such a bill in London, taking into account the rate of exchange resulting from the expense and risk of transfer between Lima and London (*y*).

If the security is void at the time of the conversion, and not by any act of the defendants, only nominal damages can be recovered. This was held in two curious cases where in fact the security, though void, turned out to be of value. A bankrupt delivered a cheque on his bankers after bankruptcy to a creditor, who obtained the money on it. The assignees brought trover for the cheque. The jury gave the full amount of the cheque, and their verdict was set aside. Mansfield, C.J., said, "The plaintiffs proceed on the ground that the cheque is worth nothing, being drawn without their authority; how then can they recover on it the sum of 300*l*.?" (*z*). In the second case, the plaintiff had assigned a policy of insurance to the defendant, as security for the debt. After the assignment it turned out that the policy was utterly void. This was admitted by both plaintiff and defendant. The company, however, paid the defendant a certain sum upon it, merely as a gratuity, upon his giving it up to be cancelled. In an action of trover it was held that the full amount of the policy could not be recovered, because it was confessedly bad; nor the sum paid to the defendant, for this was merely a gratuity. But that as he had retained the actual document after his right to do so had ceased, the plaintiff was entitled to a verdict with nominal damages for the parchment (*a*).

Damages
when security
is void.

But where the worthlessness of the document arises from the defendant's own wrongful act in mutilating it, as where the action was for an unstamped guaranty for "half the amount of certain fixtures, say about 100*l*," from which the defendant had erased his signature, the jury were held to have been justified in giving the full 100*l*. as damages. And it was no misdirection that they were not told to find in the alternative,

By the act of
the defendant.

(*y*) *Delegat v. Naylor*, 7 Bing. 460.

(*z*) *Mathew v. Sherwell*, 2 Taunt. 439.

(*a*) *Wills v. Wells*, 2 Moore, 247; 8 Taunt. 264, S. C.

that the damages should be nominal on the memorandum being given up, because the defendants' own act had prevented such a course being just (*b*).

Damages by
estoppel.

The same doctrine of estoppel was carried to a remarkable extent in one instance, when the plaintiff was allowed to recover in respect of a chattel which had never existed. An agent had been employed to effect an insurance, and had asserted that he had done so, which was not the fact. The principal brought trover for the policy, Lord Mansfield refused to allow the defendant to contradict his own representation, and held that the same damages should be given as if the policy had been really effected (*c*). "I shall consider the defendant," he said, "as the actual insurer, and therefore the plaintiff must prove his interest and loss."

Interest.

The jury may, if they think fit, give damages in the nature of interest over and above the value of the goods at the time of the conversion (*d*). Even independently of this statute they were allowed to give interest on a bill of exchange (*e*), probably on the principle that as a bill by its nature bears interest, its value must be compounded of the amount for which it is given, and the interest of which the plaintiff is deprived by its conversion.

Special
damage.

Special damage may be recovered in this form of action if laid, but not otherwise. In trover for carpenter's tools, where the declaration stated that the plaintiff had been prevented working at his trade, 10*l.* above the value of the articles was given (*f*). And similarly, in trover for a pony, where the damage was that the plaintiff had been forced to hire other horses instead (*g*). And in a later case, Cresswell, J., said that consequential damage might arise where a party whose property had been converted was under a contract to sell it (*h*). The special damage must, however, be the necessary

(*b*) *M'Leod v. M'Ghie*, 2 Sco. N. R. 605; 2 M. & G. 326.

(*c*) *Harding v. Carter*, Park. Ins. 4.

(*d*) 3 & 4 W. IV. c. 42, s. 29.

(*e*) *Paine v. Pritchard*, 2 C. & P. 558. See as to the time up to which interest is allowed, *ante*, p. 399.

(*f*) *Bodley v. Reynolds*, 8 Q. B. 779.

(*g*) *Davis v. Oswell*, 7 C. & P. 804.

(*h*) *Reid v. Fairbanks*, 13 C. B. 692; 22 L. J. C. P. 206, 208. See also *Wood v. Bell*, 5 E. & B. 772; 25 L. J. Q. B. 148, in Q. B. Recently a plaintiff who had bought champagne, which could not be got elsewhere,

consequence of the defendant's act, and must be the immediate, not the remote, result of it. The first of these requisites may be illustrated by a case which arose between the sheriff and assignees in bankruptcy. The sheriff seized the bankrupt's goods under a *fi. fa.*, and placed his man in possession upon the premises. Subsequently the messenger under the commission took charge of the goods, but the sheriff's order still remained. Later still a formal demand was made upon the sheriff, and finally the goods were given up to the assignees and accepted unconditionally. They sued in trover for the conversion, without laying special damage; and sought to recover the rent of the premises for the quarter during which the goods had been lying there in charge of the sheriff, and for the expenses of the messenger. Part of the rent had accrued before their messenger had entered, and before any demand of the goods. No proof was offered that the rent could be apportioned, or that they could have given up the premises, even if the sheriff had not been there. It was held that these sums could not be recovered at all, as they had not been specially laid; and Tindal, C.J., doubted whether they could in any way fall within the remedy of an action of trover, not being a damage necessarily consequent on the wrongful conversion of the goods (*i*). As to remoteness of damage, I may refer to a case already cited (*k*), where, in trover for a ship, the Court decided that the plaintiff could not claim as damages the freight he would have earned on the next voyage; and Maule, J., said that must be included in the value of the ship

Remote
damage.

at fourteen shillings per dozen, and had contracted to sell it at twenty-four shillings to a person about to leave England immediately, recovered as damages in trover against one who wrongfully converted the wine, the price at which he had contracted to sell it, although the defendant had no notice of the sale. The Court of Queen's Bench drew a distinction between special damage and special value, and said that they were inclined to think that to enable a plaintiff to recover special damage which did not form part of the actual present value of the goods, as in the case of withholding the tools of a man's trade (*Hodley v. Reynolds*, *ante*, p. 412), the defendant must have some notice of the inconvenience likely to be occasioned, but no notice could be necessary where a special value was attached by special circumstances to the article converted. Notice could not affect that value, though it might affect the conduct of the wrong-doer: *France v. Gaudet*, L. R. 6 Q. B. 199; 40 L. J. Q. B. 121.

(i) *Moon v. Raphael*, 2 Bing. N. C. 310, 315.

(k) *Reid v. Fairbanks*, *ante*, p. 405.

itself. People would not pay for a ship that could not earn freight.

Action for seizure under the Customs Act.

Where an action shall have been brought on account of the seizure of any goods, seized as forfeited under any Act relating to the Customs, and a verdict given against the defendant ; if the judge shall certify that there was a probable cause for the seizure, the plaintiff shall only be entitled to 2*d.* damages, and to no costs of suit (*l*).

Mitigation of damages.

Having pointed out the principal rules as to the measure of damages in this action, it will be necessary to examine what circumstances will reduce them. One of the principal of these arises out of a partial title.

Want of title.

Want of title must always be specially pleaded, and no evidence can be given under the general issue, even in mitigation of damages, to show that the property really belonged to another person (*m*). Where there is a proper plea, however, anything which goes to diminish the extent of the plaintiff's interest will go in reduction of the verdict ; as, for instance, proof that the parties named in the plaintiff's lease as lessors had not all signed it (*n*) ; or that the plaintiff had only a share in the chattel sued for, in which case he can only recover the amount of his share (*o*). And so where the plaintiff was merely nominal owner of the goods, and had become so to defeat the creditors of his brother, the real owner ; Erle, J., being of opinion that the whole arrangement was a mere scheme to baffle justice, directed the jury to take, as the measure of damages, the plaintiff's real and *bonâ fide* interest in the goods in question, and not their full value ; upon which a verdict of $\frac{1}{2}$ *d.* was returned (*p*). The same view was taken in another case arising out of different circumstances. The plaintiff had assigned his goods to the defendant to secure a debt, subject to a proviso that they should remain in the plaintiff's possession till default of payment, or till a particular notice was given by the defendant. The defendant seized the goods before either

(*l*) The Customs Consolidation Act, 1876, 39 & 40 Vict. c. 36, s. 267.

(*m*) *Finch v. Blount*, 7 C. & P. 478 ; *Jones v. Davies*, 6 Ex. 663.

(*n*) *Taylor v. Parry*, 1 M. & Gr. 604.

(*o*) *Nelthorpe v. Dorrington*, 2 Lev. 113 ; *Dockwray v. Dickenson*, Skinn. 640 ; *Addison v. Overend*, 6 T. R. 766 ; *Sedgworth v. Overend*, 7 T. R. 279 ; *Blizam v. Hubbard*, 5 East, 407 ; *Johnson v. Stear*, 15 C. B. N. S. at p. 337 ; 33 L. J. C. P. at p. 133, *per Williams, J.*

(*p*) *Cameron v. Wynch*, 2 C. & K. 264.

of these conditions was complied with. It was held that the plaintiff might sue him, but that the value of the goods, as between the parties, was not the proper measure of damages. The plaintiff could only recover an amount proportioned to his interest in them at the time of the taking (*q*). This was an action of trespass, but the Court said that trover would equally have lain, and the principle as to damages would clearly not be affected.

More recently the assignee of a bankrupt brought trover for brandies, the dock warrant for which had been deposited by the bankrupt with the defendant as security for a loan, to be repaid on the 29th of January, or, in default, the brandies to be forfeited. On the 28th, after the bankruptcy, the defendant agreed for the sale of the brandies, and on the 29th he delivered the dock warrant to the purchaser, who took possession on the 30th. This was held to be a wrongful conversion by the defendant; but as the value of the brandies did not exceed the amount of the loan, the majority of the Court of Common Pleas were of opinion that the plaintiff could recover only nominal damages. They considered that the wrongful act of the pawnee did not annihilate the contract between the parties, nor the interest of the pawnee in the goods under the contract; that if the plaintiff's action had been for breach of contract in not keeping the pledge till the given day, the compensation to which he would have been entitled would have been a nominal sum only; and that although the plaintiff's action was in name for wrongful conversion, yet in substance the cause of action was the same, and the change in the form of pleading ought not to affect the amount of compensation. Therefore the damages were to be measured by the loss really sustained, and in measuring them the interest of the defendant in the pledge at the time of the conversion was to be taken into the account (*r*). Williams, J., dissented on the ground

Johnson v. Stear.

(*q*) *Brierly v. Kendall*, 17 Q. B. 937; 21 L. J. Q. B. 161. So *Toms v. Wilson*, 4 B. & S. 455; 32 L. J. Q. B. 382, in Ex. Ch.; and see *Mussey v. Sladen*, L. R. 4 Ex. 13; 38 L. J. Ex. 34, where substantial damages were awarded under somewhat similar circumstances, apparently on account of the mode of seizure; followed in this respect in *Moore v. Shelley*, 8 App. Cas. 285, p. 294.

(*r*) *Johnson v. Stear*, 15 C. B. N. S. 330; 33 L. J. C. P. 130. This case was much discussed in *Donald v. Suckling*, L. R. 1 Q. B. 585; 35 L. J. Q. B. 232; *Mulliner v. Florence*, 3 Q. B. D. 484, pp. 490, 493; 47 L. J. Q. B.

that the defendant's lien was annihilated by his wrongfully parting with the goods, and thereupon the owner's right to possession revived, and he was entitled to recover the full value as damages in an action of trover. The judgment of the Court was, however, adopted by the Court of Exchequer Chamber in a subsequent case (*s*). Where the very act by which the holder of a lien attempts to enforce it puts an end to the lien, his retention of the property becomes unlawful, and full damages should be rewarded in an action for its recovery. For instance, where an innkeeper sold horses on which he had a lien, it was held that the sale being wrongful, amounted to a waiver of the lien. Hence the owner's right of possession at once arose, and, being defeated by the sale, he was entitled to the full value of the horses, and not merely to their value diminished by the debt (*t*).

Damages in
action by
bailee, &c.

Exactly the same rule applies where the plaintiff is not the actual owner, but only a bailee, or person holding under a lien. Where goods are taken from under his control, either by a stranger, or by the general owner, whose right to the possession has not been restored, he may sue in trover or trespass for the injury sustained by himself. His damages against the stranger will be the entire value of the thing if he is liable over to the owner; but in an action against the owner he can only recover the amount of his interest in it (*u*). In a case where a horse, which had been handed over to an auctioneer for sale, was damaged by the wrongful act of a stranger, for which the auctioneer was not liable, it was held that the auctioneer, not being liable over to the owner, could not recover damages (*v*). The proper person to sue for damages was the owner. And so if an unpaid vendor of goods, which are left in his custody by

Damages in
action against
unpaid
vendor.

700 : *Johnson v. Lanc. & Yorks. Ry. Co.*, 3 C. P. D. 499, at p. 509; but mainly upon the question, whether the parting with the goods by the pledgee put an end to the contract of pledge so as to entitle the pledgor to possession, and the opinion of Williams, J., was preferred.

(*s*) *Halliday v. Holgate*, L. R. 3 Ex. 299; 37 L. J. Ex. 174.

(*t*) *Mulliner v. Florence*, *ubi supra*.

(*u*) *Heydon's Case*, 13 Rep. 69; Stor. Bailm. s. 352 : *per* Compton, J., *Waters v. Monarch Assurance Co.*, 25 L. J. Q. B. 102, 136 : *Parish v. Wheeler*, 22 N. Y. 494 : *Swire v. Leach*, 18 C. B. N. S. 479; 34 L. J. C. P. 150 : *White v. Webb*, 15 Conn. 302 : *Ullman v. Barnard*, 73 Mass. 554.

(*v*) *Claridge v. South Staffordshire Tramway Co.*, [1892] 1 Q. B. 422; 61 L. J. Q. B. 503 : *Brown v. Hand-in-Hand Fire Insurance Soc.*, 11 Times L. R. 538.

the vendee, wrongfully and without any default on the part of the vendee, sells and delivers them to another person, as he thereby loses his right to sue the first vendee for the price, the latter will not be entitled to recover from him in trover the full value of the goods, but only that amount diminished by what he would have had to pay the vendor for them (*x*). Against a wrong-doer not claiming under the vendor he would have been entitled to the full value (*y*).

Where the proprietor of land seized an animal, as damage feasant, under circumstances which made the seizure wrongful, and after feeding it for several days sold it, the owner was held entitled to the full value of the animal in trover, without any deduction for the feeding (*z*).

Cost of keep of an animal.

Where a chattel has been let to hire, the owner cannot sue in trover for it, because he has parted with the right to the possession. He may, however, maintain an action against a third person for a permanent injury to it (*a*).

Reversioner.

It was stated *obiter* in one case, that where goods were converted under circumstances which give the plaintiff a right of suing different parties, the jury might reasonably give small damages against one, on the ground that an action would lie against the other (*b*). This seems a curious reason for mitigating damages. I have noticed the dictum in a previous chapter (*c*), and ventured, with great deference, to offer some objections to it.

Right of action against third parties.

If the defendant, after conversion, re-deliver the goods, an action will still lie for the original conversion, and the re-delivery will only go in mitigation of damages (*d*). But the jury need not give more than nominal damages, even where

Re-delivery of property.

(*x*) *Chinery v. Viall*, 5 H. & N. 288; 29 L. J. Ex. 180. See *post*, p. 434. Where a sale was conditional, and part of the purchase-money was paid, and the chattel was handed over to the vendee, the vendor was held, in America, entitled, on the condition not being performed, to recover in trover the full value, without any deduction for the partial payment: *Brown v. Haynes*, 52 Maine, 578; *Angier v. Taunton Paper Co.*, 67 Mass. 621.

(*y*) *Turner v. Hardcastle*, 11 C. B. N. S. 683; 31 L. J. C. P. 193.

(*z*) *Wormer v. Biggs*, 2 C. & K. 31. See 17 & 18 Vict. c. 60, s. 1, as to the right to sell a distress damage feasant for the expenses of its keep.

(*a*) *Mears v. L. & S. W. Ry. Co.*, 11 C. B. N. S. 850; 31 L. J. C. P. 220.

(*b*) *Per Bayley, J., Morris v. Robinson*, 3 B. & C. 205; and *per Holroyd, J., ibid.*, 206.

(*c*) *Ante*, p. 115.

(*d*) *Bull, N. P.* 46.

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the re-delivery has been after action brought ; unless actual damage has been occasioned either by an injury to the property converted, or by the actual or necessary consequences of the conversion ; as where money has been necessarily paid to recover the chattel (e). In trover against a carrier, it appeared that he had offered to deliver the goods two days after they ought to have been delivered, and that the plaintiffs, thinking they had incurred loss by the delay, refused to receive them, and sued in this form. Defendant paid the price of the goods and the costs into Court, and pleaded no damage ultra, which the jury found for him. A motion for new trial was made on the ground, that in any case the plaintiff was entitled beyond the value of the goods to nominal damages for the conversion, but the rule was refused. Lord Abinger assented to the principle laid down, but said the jury were not bound by the cost price. And so, *non constat* but the sum paid in did, in their estimation, include damages (f).

Disposal of
property for
benefit of
owner.

Applying the goods in a manner which may be for the owner's benefit, but is not in accordance with his wishes, is not a re-delivery going in mitigation of damages. Therefore when the defendant had obtained a judgment against the plaintiff and, having goods of the plaintiff in his possession, wrongfully refused to give them up, and then issued execution on his judgment, and seized and sold the goods, and applied the proceeds in satisfaction of the debt, it was held that the plaintiff was entitled in trover to recover the full value of the goods, and that the jury ought not to take into consideration in mitigation of damages the fact that the goods had been subsequently applied in satisfaction of the plaintiff's debt to the defendant (g).

Verdict by
consent.

When the defendant is willing to deliver up the chattels, the verdict is generally entered by consent at the value of the thing, but only 1s. to be levied upon its being given up (h). But this is merely matter of arrangement between the parties ;

(e) *Moon v. Raphael*, 2 Bing. N. C. 315 ; *per Tindal, C.J.* See *Hiort v. L. & N. W. Ry. Co.*, 4 Ex. D. 188 ; 48 L. J. Ex. 545, where the defendants committed a technical conversion by parting with plaintiff's goods in anticipation of a delivery order which was afterwards given.

(f) *Evans v. Lewis*, 3 Dowl. 820.

(g) *Edmondson v. Nuttall*, 17 C. B. N. S. 280 ; 34 L. J. C. P. 102.

(h) *Wintle v. Rudge*, 5 Jur. 274.

and if the subject-matter has been so injured as that justice would not be effected by returning it, the verdict will be absolute for the entire value (*i*). In a case where equity would relieve the defendant against the verdict, as where, in trover for title deeds, the whole value of the estate has been given, the Court will, with the plaintiff's consent, order satisfaction to be entered upon the defendant's returning the deeds, paying full costs of the action as between attorney and client, and all other proceedings caused by his own wrongful act, and submitting to such other terms as would be a full indemnity to the plaintiff (*k*).

Even after trial and verdict, the Court will exercise its equitable power in reducing the damages, when any subsequent matter has rendered it unjust that the whole amount should be recovered. A verdict in trover for goods was obtained against a party. After verdict, and before the goods were removed from the house in which they were, and for the rent of which the plaintiff was liable, they were distrained on by the landlord; Tindal, C.J., said, "The case falls within a principle well known and recognised in Westminster Hall. The plaintiff has recovered damages in action of tort; the defendant has in effect satisfied them pro tanto, and he comes to us to allow this amount towards satisfying the judgment. The parties are in the same situation as if the defendant had gone to the plaintiff after the verdict, and paid him the sum distrained for" (*l*).

Reducing
damages after
verdict.

In some cases the Court will stay proceedings without going to trial, upon delivery of the thing claimed and payment of costs. The rule is thus laid down in *Fisher v. Prince* (*m*), "that where trover is brought for a specific chattel, of an ascertained quantity and quality, and unattended with any circumstances that can enhance the damages above the real value, but that its real and ascertained value must be the sole measure of the damage, there the specific thing demanded may be brought into Court. But where there is an uncertainty either as to the quantity or quality of the thing demanded, or there is any

Staying
proceedings.

(*i*) *McLeod v. McWhie*, 2 Sco. N. R. 605; 2 M. & G. 326.

(*k*) *Coombe v. Sansom*, 1 Dow. & Ry. 201.

(*l*) *Pleaven v. Henshall*, 10 Bing. 24.

(*m*) 3 Burr. 1364.

tort accompanying it that may enhance the damage above the real value of the thing, and there is no rule whereby to estimate the additional value, there it shall not be brought in " (n). In one case of trover for a horse the Court refused a rule to stay proceedings on delivering him up with costs, though the application was made on an affidavit that his condition was improved; and they said *Fisher v. Prince* was no authority for the rule asked (o). Probably the plaintiff sought damages for the detention beyond the mere value of the animal. But in such a case, as where the action was for a promissory note, said to be dishonoured, the Court will only allow the plaintiff to proceed for actual damage, but not for mere nominal damage for its detention (p).

Staying proceedings as to some articles where the claim is for several.

Even where there are several things claimed, the Court will make a rule as to any one of them, if the circumstances relating to it come within the principle above stated. The terms of the rule are, that on delivering up the articles in question and paying costs of the cause and the appearance up to that time, the proceeding shall be stayed, if the plaintiff will accept of such a discharge of the action. If not, that the articles delivered up shall be struck out of the declaration, and the plaintiff be subject to costs unless he shall obtain a verdict for the remainder of the goods claimed, or more than nominal damages for the detention of those given up (q).

Damages for detention.

Substantial damages will be given for the detention of an article which has fallen in value between the time it was taken and the time it was returned. The action was detinue for railway scrip, which was delivered up under an order in the above terms. The plaintiff proceeded to trial, and proved that at the time of demand the scrip certificates were worth 3*l.* 5*s.* each, but only 1*l.* at the time of the delivery. The judge directed the jury that the true measure of damage was the loss the plaintiff sustained by not having the shares when demanded; and that they might, if they pleased, measure that loss by the difference between the price at the time of the refusal, and the

(n) And see *Whitten v. Fuller*, 2 W. Bl. 902; *Tucker v. Wright*, 3 Bing. 601; *Gibson v. Humphrey*, 1 C. & M. 544.

(o) *Makinson v. Rawlinson*, 9 Price, 460.

(p) *Moss v. Thwaite*, 1 Tidd. Prac. 9th ed. 545.

(q) *Brunsdon v. Audin*, 1 Tidd. Prac. 9th ed. 545; *Earle v. Holderness*, 4 Bing. 462; *Peacock v. Nichols*, 8 Dowl. 367.

price at the time when the certificates were given up, and they found accordingly. This direction was held to be correct on a writ of error (*r*). So, in an action on the case against a collector of customs, for refusing to sign a bill of entry for corn, under a claim for duty, and detaining the same, it was decided (also on error) that the measure of damages for the detention was the loss the plaintiff suffered by a fall in the price of corn while his property was kept from him (*s*). Neither of these cases was in form trover, but the principle upon which damages for the detention of goods should be calculated is clearly the same.

The case of *Peruvian Guano Co. v. Dreyfus* (*t*) gave rise to some curious questions as to the time during which an unsuccessful defendant could be said to have been in illegal possession of goods finally awarded to the plaintiff. There the Peruvian government handed over to the Peruvian Guano Co. certain cargoes of guano, which Dreyfus claimed as being his own under a separate arrangement with the same government. On arrival of the cargoes Dreyfus commenced an action against the company, and by consent an order was made on the 30th April, 1880, which substantially authorised the company to land and take possession of the cargoes, subject to all rights which might ultimately be decided in the suits. On the 17th December, 1880, an order was made for a receiver, and the cargoes or some of them were sold by his order. On the 13th January, 1885, judgment was given in favour of the plaintiff, and an inquiry was directed as to damages arising to the plaintiff from the detention by the defendant of the cargoes. The chief clerk found as damages two sums, consisting of the admitted loss in the gross proceeds of the cargoes arising from the fact that they were sold by the receiver instead of by Dreyfus, and from the increased expense of the sale under order of Court. He also found damages for loss of interest at 5 per cent. on those sums and on the actual proceeds calculated up to date of judgment. In two successive appeals to the House of Lords it was held that the detention of the cargoes by the defendant was illegal up to the order of 30th April, 1880, and continued to be so up to the

Change of
possession
into custody
of Court.

(*r*) *Williams v. Archer*, 5 C. B. 318 : see *Serrao v. Noel*, 15 Q. B. D. 549.

(*s*) *Barrow v. Arnaud*, 8 Q. B. 595.

(*t*) [1892] A. C. 166 ; 61 L. J. Ch. 749.

order of 17th December, 1880, appointing a receiver, that the defendant was liable to damages up to the last date, but was entitled to credit for freight and landing charges, without payment of which neither party could have obtained possession. From the 17th December, 1880, the possession became that of the Court, and the defendants were no longer in illegal possession, or liable to the plaintiff for damages arising from the fact that he was kept out of possession, or that the sale was made by the Court in a way less profitable to him than it would have been if conducted by himself. The result was that damages should not be computed for any time after the order for a receiver. Interest at 4 per cent. from date up to the day of payment was awarded on the sum so arrived at.

Property
changed by
recovery in
trover and
satisfaction.

Before quitting this subject, it may be as well to remark that a recovery in trover changes the property and vests it in the defendant. Accordingly it was held to be a good plea to this action, that the plaintiff had previously recovered against a third person for the conversion of the same goods, and that after this recovery, and satisfaction in damages, the defendant in the former action had sold them to the present defendant, which was the conversion now complained of (*u*). There are two points, however, upon which the authorities are at variance. The first is whether the property is changed by the judgment before satisfaction, or only by actual payment of the damages. The latter doctrine is laid down in *Jenkins (v)*, where it is said, "A. in trespass against B. for taking a horse recovers damages; by this recovery, and execution done thereon, the property in the horse is vested in B. *Solutio pretii emptionis loco habetur.*" And so it is stated by Holroyd, J. (*x*), and by Tindal, C.J. (*y*), that by a judgment in trover and satisfaction of damages the property is changed. And this doctrine is cited as law in the notes to W. Saund. by its eminent editors (*z*). On the other hand, the contrary rule was maintained in a later case, where a

Buckland v.
Johnson.

(*u*) *Cooper v. Shepherd*, 3 C. B. 266.

(*r*) 4th Cent. Ca. 88.

(*x*) 3 B. & C. 206.

(*y*) *Cooper v. Shepherd*, 3 C. B. 272.

(*z*) 2 W. Saund. 47, cc. n. z. 6th ed. In 2 Notes to Saunders, at p. 134. (*f*). Sir E. V. Williams has introduced the words "it appears not to be material that the recovery should be followed by satisfaction: *Buckland v. Johnson.*"

plea of judgment without satisfaction was held to be good (a). Jervis, C.J., after noticing the cases just cited, said, "But in *Adams v. Broughton* (b), it is laid down that the judgment, and not the payment of the money recovered, changes the property, and the true rule was laid down by Parke, B., in *King v. Hoare* (c), viz., 'that that which is uncertain is made certain by the judgment, and then the judgment affords a higher remedy, and the right of action for trover is merged in it.' Precisely the same decision had been arrived at long before, when in trover the defendant pleaded a former recovery against H., who was taken in execution for the damages. It was argued that execution without payment was no satisfaction; but the plea was held good, and Popham, C.J., said, 'If one hath judgment to recover in trespass against one, and damages certain, although he be not satisfied, yet he shall not have a new action for the same trespass. For the same reason, if one have cause of action against two, and obtain judgment against the one, he shall not have remedy against the other.' " (d). It became necessary for the Court of Common Pleas to choose between these conflicting authorities in a recent case in which, in substance, the plaintiff having recovered judgment in trover against one of two wrong-doers, which judgment was unsatisfied, sued the other for keeping the goods, and so continuing the wrong. In a considered judgment the question for decision was stated to be, whether judgment in trover without satisfaction changes the property so as to vest it in the defendant from the time of the judgment, or whether such recovery operates as a mere assessment of the value, on payment of which the property in the goods vests in the defendant. It was pointed out that *Adams v. Broughton* seemed to be unsatisfactorily reported in *Strange*, and that in *Buckland v. Johnson* the point did not really arise; and the opinion of the Court was expressed, that good sense and abundant authority showed that mere recovery without satisfaction has not the effect of changing the property. Judgment was accordingly given for the plaintiff (e).

*Brinsmead v.
Harrison.*

(a) *Buckland v. Johnson*, 23 L. J. C. P. 204; 15 C. B. 145.

(b) 2 Stra. 1078.

(c) 13 M. & W. 494; affirmed, *Kendall v. Hamilton*, 4 App. Cas. 504; 48 L. J. C. P. 705; *McLeod v. Power*, [1898] 2 Ch. 295; 67 L. J. Ch. 551.

(d) *Brown v. Wootton*, Cro. Jac. 73.

(e) *Brinsmead v. Harrison*, L. R. 6 C. P. 584; 40 L. J. C. P. 281;

Effect of a judgment for less than the full value of the goods.

Buckland v. Johnson.

The second doubt is as to the effect of a judgment in trover for less than the full value of the goods. It is expressly stated by Holroyd, J., and Littledale, J. (*f*), that an action of trover is no bar unless the full amount has been recovered. And so it was decided in an old case, where the defendant, who was sued in trover for eighty-nine sheep, pleaded a former recovery against other defendants in an action *quare ceperunt et abduzerunt oves*, and damages 2*d.*; there, however, the judgment went on the ground that the verdict had not been for the value of the sheep at all, but only for the damage by taking and driving them; and with this view, Yelverton, J., disagreed (*g*). The same point arose incidentally in the case cited above (*h*), though it was not necessary to decide it. The action was for money had and received. Plea, that the money was the proceeds of certain goods of the plaintiff which had been converted, and in respect of which plaintiff had already sued A. in trover, and recovered 100*l.* It appears that defendant and A. had converted the goods by selling them, but that defendant alone had received the proceeds of the sale, which were 150*l.* The plaintiff claimed at all events to recover the difference between his verdict, and the amount for which the goods had sold. It was held he could not, and Jervis, C.J., said, "The fallacy arises from forgetting, that by the judgment in the action of trover the property in the goods was changed from the time of the conversion (*i*), and that they then became the goods of A.; and that when the defendant received the proceeds of the sale, he received the proceeds of the sale of A.'s goods." Maule, J., said, "In an action of trover, the plaintiff may not always (certainly not always in trespass)

affirmed, *Ex parte Drake*, 5 Ch. D. 866; 46 L. J. Bank. 105. This case supports the decision in *King v. Hoare*, that judgment against one of two tortfeasors is a bar to an action against the other for the same cause of action, although the judgment be unsatisfied; and the judgment was affirmed on appeal on this point, L. R. 7 C. P. 547; 41 L. J. C. P. 190. See as to the identity of cause and action, upon which the rule depends: *Wegg Prosser v. Evans*, [1894] 2 Q. B. 101; 64 L. J. Q. B. 1; affirmed, [1895] 1 Q. B. 108. An interlocutory judgment signed for want of a plea had previously been held not to pass the property: *Mardon v. Phillips*, 12 W. R. 8; 9 L. T. N. S. 289.

(*f*) 3 B. & C. 207.

(*g*) *Lacen v. Barnard*, Cro. Car. 35; *Field v. Jellicus*, 3 Lev. 124.

(*h*) *Buckland v. Johnson*, *ubi supra*.

(*i*) See 6 M. & G. 640, n.

recover the full value of his goods. What might be the result if it were shown here, which it is not, that the plaintiff had not recovered the value in the former action, I say nothing ; but in the present case, we must take it, that the plaintiff having his election either to sue in trover for a conversion, or in an action for money had and received, elected to sue in trover, and recovered the full value from A." It will be observed that the judgment of the Court is here put on two different grounds, each of which gets rid of the point in question. Jervis, C.J., held, that the proceeds never were money had and received to the plaintiff's use, as the effect of the judgment against A., relating back to the moment of the sale, made them his goods at that instant. If so the defendant was not liable at all. Maule, J., and Cresswell, J., held, that by the election to sue in trover, the plaintiff threw himself upon the verdict of the jury as to what the real value of the property was. They might have given more than it sold for, and they happened to give less. It was no longer in his power to raise the question. Indeed, except in some rare cases, it is hard to see how the question could arise in a shape fit for discussion. It may be presumed that the judge would always direct the jury to give the value of the article, or of the plaintiff's interest in it. The verdict of the jury must be taken to be their finding as to its value. A clear error might be ground for a new trial, but how could a plaintiff, while acquiescing in the verdict, say that it was not what it professed to be ?

II. In detinue the judgment is to recover the thing itself and damages for its detention ; or if it cannot be returned, then its value (*k*). It was formerly in the option of the defendant whether he would return the thing, or pay its value (*l*). And there was no common law process to compel him to give it up (*m*). But such a power was given by statute 17 & 18 Vict. c. 125, s. 78, and is continued by the new rules (*n*). Where there are several things demanded the jury ought to find the

(*k*) *Peters v. Heyward*, Cro. Jac. 682 : *Paler v. Hardyman*, Yelv. 71 ; per Bowen, L.J., cited 42 Ch. D. at p. 75 : *Ex parte Vaughan*, 14 Q. B. D. 25.

(*l*) *Per Frowike*, C.J., Keilw. 64, b. : *Phillips v. Jones*, 15 Q. B. 867.

(*m*) *Walker v. Needham*, 4 Sco. N. R. 222.

(*n*) O. 48, R. 1. See *Chilton v. Carrington*, 15 C. B. 730 ; 24 L. J. C. P. 78.

value of each separately (*o*). The rules as to assessing the value of the goods, damages for their detention, and staying proceedings upon their delivery, are just the same as in trover (*p*).

When property cannot be returned.

Where the verdict cannot be for a return of the goods, on account of their destruction or previous re-delivery, it will be absolute, in the former case, for their value and damages; in the latter case, for damages only. In detinue for charters which have been burnt, the plaintiff shall recover the whole value of the land (*q*). And it is a good plea to the further maintenance of the action, that the goods were delivered to and accepted by plaintiff since action, and payment into Court of 1*s.* damages for detention (*r*). And where the action was for scrip certificates which had fallen in value between the time of demand and re-delivery before verdict, the judge left it to the jury to find, as the measure of damages for detention, the diminished price of the scrip (*s*). But the plaintiff must give evidence of the value, and where no such evidence has been given, if the jury give a substantial sum, the Court will, on leave reserved, reduce it to a nominal one (*t*).

When property vests in defendant.

On account of the alternative character of a judgment in detinue, the property in the goods detained does not vest in the defendant, till the plaintiff has signified his election to abandon it by issuing execution for the value, instead of enforcing its delivery (*u*).

Damages in trespass are value of goods.

III. In an action for trespass to goods, the damages in general are measured by the value of the goods, or the amount of injury done to them. These have been already sufficiently discussed (*x*), and indeed seldom present any difficulty. In the case of fixtures, however, the mode of valuation may differ materially, according to the form in which the action is brought. In trover, as we have seen, the plaintiff can only recover their value as chattels (*y*). But in trespass their actual value as

(*o*) 8 Vin. Abr. 39, Detinue, D. 7 : *Pawly v. Holly*, 2 W. Bl. 853. As to the effect of their not assessing the value, see *post*, tit. Writ of Inquiry.

(*p*) See *ante*, c. xiii. : *Phillips v. Hayward*, 3 Dowl. 362.

(*q*) 8 Vin. Abr. 39, Detinue, E.

(*r*) *Crossfield v. Such*, 8 Ex. 159.

(*s*) *Williams v. Archer*, 5 C. B. 318.

(*t*) *Anderson v. Passman*, 7 C. & P. 193.

(*u*) 6 M. & G. 640, n. See O. 42, R. 6.

(*x*) *Ante*, c. xiii.

(*y*) *Clarke v. Holford*, 2 C. & K. 540, *ante*, p. 406.

fixtures may be given. S. deposited the lease of his house with plaintiff as security for a loan, and made an assignment of fixtures, undertaking either to mortgage the lease to the plaintiff with power of sale, or to allow him to sell either fixtures, or lease and fixtures on the premises, without a mortgage. S. became a bankrupt, and his assignees in bankruptcy seized the fixtures, and sold them by auction for 36*l.* It appeared that this was a fair price for them when severed, but that they would have sold for 80*l.*, if valued as between incoming and outgoing tenant. It was held that the plaintiff was entitled to the latter amount, as it was not to be presumed that he would not have sold them to the eventual purchaser of the term, which in case of non-payment he was entitled to do (z).

Special damage resulting from the immediate loss or injury may also be allowed for, if not of too remote a nature. In an action for injury to the plaintiff's horse by a collision, it was held that he might recover the keep of the horse at the farrier's while it was being cured, the farrier's bill, and the difference between the value of the horse before and after the accident. But he could not recover the hire of another horse which plaintiff had been obliged to have while his own was laid up (a).

In one case a curious series of disasters was held to be chargeable upon the defendant. His carriage was driven against the wheel of the plaintiff's chaise; the collision threw a person who was in the chaise upon the dashing-board; the dashing-board fell on the back of the horse; the horse kicked in consequence, and by kicking injured the chaise. It was held that the plaintiff might recover for the whole of the loss so sustained (b).

An execution creditor has been held not to be liable to a person whose goods have been wrongfully taken in execution, for any damage sustained by the latter in consequence of their sale under an interpleader order. The execution creditor is responsible for all damage up to the time of the interpleader order, but what is done under the order is the consequence of the judge's decision upon the interpleader summons, and is

Special
damage.

Wrongful sale
in execution.

(z) *Thompson v. Pettitt*, 10 Q. B. 103 : *Moore v. Drinkwater*, 1 F. & F. 134.

(a) *Hughes v. Quentin*, 8 C. & P. 703. See *Burrow v. Arnaud*, 8 Q. B. 595 : *ante*, p. 421.

(b) *Gilbertson v. Richardson*, 5 C. B. 502.

not the approximate consequence of the seizure (c). Nor is he liable for indirect consequences resulting from the seizure, such as that the plaintiff's credit was affected, and that actions were brought against him for debt, under which his property was sold at less than its proper value (d).

Collision at
sea.

When a vessel, having been run down, subsequently becomes unmanageable, and gets upon a bank, and is lost, the presumption of law is, that her eventual loss is attributable to the effects of the collision, and not to the mismanagement of the crew. Her whole value consequently would be the measure of

Demurrage.

damages (e). Where, however, the full value of the vessel is given as compensation by a Court of Admiralty, the plaintiff cannot recover anything in the nature of demurrage for loss of the employment of his vessel, or his own earnings, in consequence of the collision (f).

Partial loss.

In cases of partial loss the principle of compensation is *restitutio in integrum*. The causes out of which such a claim arises, seem to resolve themselves into immediate expenses occasioned by the collision, repairs, and detention of the ship. As to the first, a merely probable but discretionary outlay, such as the employment of a tug, which might have been incurred if there had been no accident, but which was made indispensable by the collision, cannot be deducted from the charge (g). As to the second, the parties are entitled to a complete repair of all the damage done, notwithstanding the result may be to render the ship more valuable than she was before the collision. In cases of insurance one-third of the value of the material is deducted, because the new material is more valuable than the old, but it is not so where repairs are done in consequence of collision (h). Under the third head, one ground of loss consists of wages and keep of officers and crew while the ship is lying idle. Where it would be a reasonable and proper thing to discharge the crew during the process of repair, outlay upon them cannot properly be

(c) *Walker v. Olding*, 1 H. & C. 621 ; 32 L. J. Ex. 142.

(d) *Nicosia v. Vallone*, 37 L. T. (P. C.) 106.

(e) *The Mellona*, 3 Rob. Adm. 7. As to loss caused by mismanagement of the crew, see *The Flying Fish*, ante, p. 69.

(f) *The Columbus*, 3 Rob. Adm. 158.

(g) *The Inflexible*, Swab. 200.

(h) *Per Dr. Lushington* : *The Pactolus*, Swab. 174 ; graving dock dues, and suchlike charges, come under the head of repairs : *The Black Prince*, 1 Lush. 568.

allowed against the ship. But it would generally be proper to keep on the officers and engineers, and even the whole crew where it is the usual custom to keep them on permanently; as, for instance, in vessels employed continuously in the East India trade, it is proper to keep on the Lascars, and the officers engaged to take care of them and of the ship (i). A more important and difficult claim arises out of the loss of the services of the ship to her owner. As to this, Dr. Lushington said (k), "The plaintiff is entitled to a just compensation for the non-employment of the ship while under repair, and that just compensation must again consist of the expense of detention and amount of profit lost. Indemnity for loss of time during the detention must be estimated upon the principle, as nearly as may be, of what would certainly or most probably have been obtained, if there had been no collision. As to the time for which such compensation must be made, it ought to be reckoned from the period when the vessel, in the ordinary course, would have been ready for sea if there had been no collision, up to the period when with due diligence the repairs ought to have been completed. In all these cases it must be remembered, that the party condemned to pay damages is, legally speaking, a wrong-doer, and that full compensation is due." Where the Admiralty Courts allow damages for a detention of a vessel while under repair, the onus of proving the loss so incurred rests upon the plaintiffs. They must prove that the vessel would have earned freight, and that such freight was lost by the collision. When, for example, a fishing voyage is lost, or a vessel would have been beneficially employed, such damages will be given, but not otherwise (l).

A case which frequently occurs is where the vessel injured is one of a regular line, whose sailings are fixed for specified dates, each ship lying up from the date of arrival till the date of departure for overhauling and repairs. In such a case no damage can be claimed merely for a detention which does not exceed the period usually allowed. If when her time for

(i) *The Black Prince: The Inflexible*, *ubi supra*.

(k) *The Inflexible*.

(l) *The Clarence*, 3 Rob. Adm. 283; *Star of India*, 1 P. D. 466; *The Consett*, 5 P. D. 229; *The Thyatira*, 8 P. D. 155; *The Argentino*, 14 App. Ca. 519; 58 L. J. P. D. A. 1; *The Greta Holme*, [1897] A. C. 596; 66 L. J. P. 160.

sailing arrives, she is not able to leave in consequence of her injuries, and another vessel of the same line takes her place, if the substituted vessel belongs to the same owner no damages can be claimed, unless some loss arises from the substitution; as, for instance, by her being smaller, and not able to take a full cargo (*m*). It would be different if the owners are not the same, as then what is earned by one ship is lost to the owner of the other (*n*).

Where goods have been delayed in consequence of a collision, no damages can be recovered for loss of the market. The principle of this ruling has already been fully discussed in an earlier part of this work (*o*).

I may observe that in the Admiralty Courts, where a collision has occurred, and both parties are equally to blame, the rule is to divide the damages equally between them (*p*).

The cases in which a plaintiff's own negligence may destroy his right to recover for damage done, especially in case of collisions, have been discussed so fully in treating of remoteness of damage, that I need only refer the reader to them (*q*). The liability of shipowners for any loss or damage to any other ship, or to the goods on board of any other ship, by reason of the improper navigation of their own vessel, is limited to an aggregate amount not exceeding 8*l.* for each ton of the ship's tonnage, with interest from the date of the collision (*r*). This Act extends to damage caused by collision (*s*).

As to cases in which the costs of former actions may be recovered, the reader is referred to the decisions cited below, and to a former chapter in which they are discussed (*t*).

Costs of
former
actions.

(*m*) *The City of Peking*, 15 App. Ca. 438; 59 L. J. P. C. 88.

(*n*) *The Black Prince*, 1 Lush. 568.

(*o*) *The Parana*, 2 P. D. 118; *The Nottingham*, 9 P. D. 105; 53 L. J. P. D. & A. 56, *ante*, pp. 16—18.

(*p*) *Vaux v. Sheffer*, 8 Moo. P. C. C. 75; *The Milan*, 31 L. J. Adm. 105. The innocent owner of a cargo, according to that case, is entitled to recover a moiety of his damage from the owner of each ship.

(*q*) See *ante*, pp. 68—77.

(*r*) 25 & 26 Vict. c. 63, s. 54, *ante*, p. 319. *The Northumbria*, L. R. 3 Ad. & Ecc. 6; *Smith v. Kirby*, 1 Q. B. D. 131. By the ancient law of the sea, there is no limitation to the liability of a wrong-doer: *The Wild Ranger*, 32 L. J. Adm. 49.

(*s*) Abb. Ship. 240, 8th ed., 593, 12th ed.; 2 B. & A. 15. See *ante*, p. 320. And it has operation on the high seas, and applies both to British and foreign ships: *The Amalia*, 32 L. J. Adm. 191, *ante*, p. 320.

(*t*) *Holloway v. Turner*, 6 Q. B. 928; *Tindall v. Bell*, 11 M. & W. 228; *Luton v. Dereretz*, 3 B. & Ad. 343, *ante*, pp. 88—103.

There is one distinction between trespass and trover, which materially affects the question of damages. It is, that as the gist of the former action is the wrongful taking, while that of the latter is the wrongful conversion, damages may be recovered in trespass on account of a stage of proceedings prior to that which can be noticed in trover. The manner in which the property was seized may be the source of substantial damages, in addition to any which could be given in respect of their detention. Accordingly where the defendant wrongfully seized goods, and placed a man in possession of them for several days, but allowed the plaintiff to make free use of them, it was decided that the owner might recover substantial damages (u). In such a case, in trover, only nominal damages could have been given for the conversion. And so in an action for seizing goods under an unfounded claim for a debt, damages may be given beyond the value of the goods, not only for the breaking and entering, but also on account of the false pretence of a legal claim, and the annoyance and disturbance to the plaintiff in carrying on his business, and the belief caused of his insolvency, in consequence of which his lodgers left him (x). Where, however, the action is against two jointly, nothing can be given in evidence as special damage which is not the joint act of both. The true criterion of damage is the whole injury which the plaintiff has sustained from the joint act. Therefore the malignant motive of one party cannot be made a ground of aggravation of damages against the other party, who was altogether free from any improper motive. In such a case the plaintiff ought to select the party against whom he means to get aggravated damage (y). Where, however, the same motive actuated both, I apprehend there could be no reason against offering evidence of it (z).

Damages for the manner of the taking.

Actions against several.

On the same principle, in an action by several, no evidence can be received, and no damages allowed, in respect of any injury to one which was not also an injury to the others (a).

Actions by several.

(u) *Bayliss v. Fisher*, 7 Bing. 153; *Mudun Doss v. Gokul Doss*, 14 W. R. 590; 14 L. T. N. S. 646, P. C.

(x) *Brewer v. Dew*, 11 M. & W. 625.

(y) *Clark v. Newsum*, 1 Ex. 131, 139. It is by no means clear that this will continue to be the rule under the present procedure. See *post*, pp. 473, and 591.

(z) As to the admissibility of evidence of motive in actions of tort, see *ante*, pp. 45, *et seq.*

(a) *Barratt v. Collins*, 10 Moo. 446.

Customs Acts. As to actions for seizures under the Customs Acts, see *ante*, p. 414.

Mitigation of damages. In mitigation of damages, the defendant may of course show anything which tends to diminish the value of the thing affected, or the amount of loss incurred, or may negative the malicious motive ascribed to him.

Accordingly, in trespass for destroying a picture, which turned out to be a scandalous libel upon the defendant and his sister, and which was publicly exhibited, Lord Ellenborough told the jury that if it was a libel upon the persons introduced into it, the law could not consider it valuable as a picture, and that in assessing damages they must not consider it as a work of art, but must award the plaintiff only the value of the canvas and paint, which formed its component parts (*b*). And so the defendant may show that the plaintiff had not an interest in the goods to their full value, and that the residue of the interest was in himself. In such a case the plaintiff can only recover to the extent of his own interest (*c*). But this would be no defence, even in mitigation of damages, when the residue of interest was not in the defendant, but some third person (*d*).

Repayment of produce of goods taken. It has been decided that in trespass for taking goods, the defendant cannot, even in mitigation of damages, offer evidence to show a repayment by him, after action brought, of money produced by the sale of the goods. Lord Denman said, "The rights of parties at trial are the same as they were at the commencement of the suit, or if they are changed, a plea puis darrein continuance ought to place the new facts on the record. It is important to uphold the principle, that a party is entitled to recover by way of damage all that at the commencement of the suit he has lost through the wrongful act of the defendant" (*e*). This decision is certainly opposed to natural justice, and it seems equally opposed to the analogy of other actions. In trover, as we have seen, a re-delivery of the goods, even after action brought, will authorise the jury

(*b*) *Du Bost v. Beresford*, 2 Camp. 511.

(*c*) *Brierly v. Kendall*, 17 Q. B. 937; *Toms v. Wilson*, 32 L. J. Q. B. 382, in Ex. Ch., *ante*, p. 415.

(*d*) *Heydon's Case*, 13 Rep. 62; Stor. Bailm. s. 352, *ante*, p. 416.

(*e*) *Rundle v. Little*, 6 Q. B. 174.

to give only nominal damages, unless actual loss has been caused by the detention or otherwise (*f*). So in detinue, where the goods have been returned after the commencement of the suit, the judgment is only for the damages caused by the detention (*g*). In trespass, no doubt, an additional element enters into the verdict. It ought to comprise damages for the manner of the taking, for the value of the thing taken, and for the loss incurred by its being taken. But when the second item has been already paid for, why should it be paid for again in trespass, any more than in trover or detinue? It is difficult to see how any plea puis darrein continuance could have been framed, which would not have been bad on general demurrer, unless it had alleged that the money was paid and accepted in full satisfaction of all the causes of action, which it obviously was not. Anything short of this would have been merely a plea to the damages, and have left the taking unanswered (*h*). No doubt the defendant, instead of paying the money to the plaintiff, might have paid it into Court. But such a course would clearly have been less beneficial to the plaintiff, since it would have forced him to stop his action, or continue it at the risk of losing his costs (*i*); it is hard then to see why it should be so much more beneficial to the defendant. Nor is this like an attempt to surprise the plaintiff by setting up a new defence, such as title in another, because if true at all it must be perfectly known to him. Nor, finally, does it come within the rule which requires payment after action to be pleaded, because it would have been no defence if it had been pleaded (*k*).

In the same case a question was raised, whether an attorney, sued in trespass for seizing goods, might give in evidence a judgment under which he had acted in issuing a *fi. fa.* No decision seems to have been given upon this point. On principle it would seem to be admissible in mitigation of damages, as showing the character of the act, and the absence of all malicious motive.

(*f*) *Moon v. Raphael*, 2 Bing. N. C. 315.

(*g*) *Williams v. Archer*, 5 C. B. 318.

(*h*) 1 W. Saund. 28, a, n. 3. 1 Wms. Notes to Saund. 23, n. (1).

(*i*) *Rumbelow v. Whalley*, 16 Q. B. 397.

(*k*) See, too, *per* Lord Abinger, C.B., 11 M. & W. 744.

Evidence of collateral matter is not admissible.

Matter of a merely collateral nature cannot be given in reduction of damages. For instance, where the action was for injury caused by a collision at sea, the defendant was not allowed to deduct from the amount of loss proved, any money paid to the plaintiff by his insurers in respect of the same damage. This would be to make the wrong-doer pay nothing, and take all the benefit of the insurance without the burthen of the premium (*l*). On the same principle, in trespass for taking away goods sold by defendant to plaintiff, and not paid for according to contract, the plaintiff is entitled to their full value. The jury cannot take into consideration the debt due in respect of them from the plaintiff to the defendant, because the retaking by the latter would be no answer to an action by him for their price (*m*).

Actions against sheriff.

This is the most proper place for noticing actions against the sheriff by the debtor, or supposed debtor, for an unlawful execution. In such cases the sheriff appears as a wrong-doer, and damages against him are regulated on much the same principles as against other persons. The rule was discussed lately in the Court of Queen's Bench under the following circumstances. The action was trespass against the sheriff and his bailiff for breaking the plaintiff's house, and seizing his goods; it appeared that a former execution for the same debt of 270*l*. had been put in, and the debt had been paid to a person at the bailiff's office. He never paid it over, and the execution creditor never received it. Upon this account execution was put in by the same sheriff, which was the ground of action. The goods were not sold; but a man remained in possession several days. The jury gave a verdict for 400*l*. It was held that these damages were not excessive against the sheriff; per Cur. "If the second execution had been put in merely by mistake, or with a view *bonâ fide* to try any question which might fairly have been tried between the sheriff and the plaintiff, we should have thought the damages excessive as against the sheriff, as they greatly exceeded the pecuniary loss sustained. Sheriffs acting *bonâ fide* are entitled to and will always have the protection of the Court. The jury appear

(*l*) *Yates v. Whyte*, 4 Bing. N. C. 272.

(*m*) *Gillard v. Brittan*, 8 M. & W. 575 : *Page v. Cowarjee*, L. R. 1 P. C. App. 127. See *ante*, p. 416.

to have thought that this was a case in which the process of the Court had been abused, and a gross outrage was committed under the forms of law. We cannot say that they were wrong in coming to this conclusion, and if they were right we should not be justified in interfering in behalf of the sheriff with the amount of compensation which they have awarded in the exercise of their constitutional functions" (n).

A question has arisen several times as to the amount of damages, where the sheriff has taken goods under a regular *fi. fa.*, but has been guilty of such an irregularity in executing it as makes him a trespasser *ab initio*. It is laid down in *Semayne's Case* (o), that the sheriff cannot break the defendant's house by force of a *fi. fa.*, but he is a trespasser by the breaking, and yet the execution which he then doth in the house is good. If this be so, damages against him ought only to be for the breaking, and not for the seizure. On the other hand, there seems to be an almost insuperable difficulty in the way of framing any plea which shall not leave the taking without justification, and, unless it can be justified, nothing short of entire damages can, it seems, be given. It is settled that the door being open is a condition precedent to executing the writ in the dwelling-house, and that the averment is material. Therefore when in trespass for breaking the plaintiff's house, and arresting him therein, the defendant pleaded, except as to the breaking, an arrest under a *ca. sa.*, the door being open, and this averment was traversed with success; it was held that damages might be given not only for the breaking and entering, but also for the arrest (p). This, however, was a case of personal arrest, and in a later instance, Parke, B., asked, "whether there was any authority for saying that the same doctrine applied to an execution against goods?" (q). There is an exactly similar case; the action was for breaking and entering the plaintiff's house, seizing his goods

Damages when goods have been seized by breaking open outer door.

(n) *Gregory v. Cotterell*, 1 E. & B. 360; 22 L. J. Q. B. 217. It was decided in this case in the Ex. Ch. that the sheriff is responsible not only for the wrongful acts of his officers, but for those of persons employed by them, if done by colour of the warrant: 5 E. & B. 571; 25 L. J. Q. B. 33. The high bailiff of a county court is in a similar position: *Burton v. Le Gros*, 34 L. J. Q. B. 91.

(o) 5 Rep. 93, a; 1 Sm. L. C. 115, 9th ed.

(p) *Kerbey v. Denby*, 1 M. & W. 336.

(q) *Percival v. Stamp*, 9 Ex. 167, 170; 23 L. J. Ex. 25.

and compelling him to pay a sum of money to withdraw from possession. The defendant justified under a writ of fi. fa., the outer door being at the time open. The jury found that it was shut, and gave 720*l.*, observing that the sum was meant to include 220*l.* paid by the plaintiff, under protest, to induce the defendant to withdraw the execution. A motion was made to reduce the damages, on the ground that the execution was valid, though the entry was a trespass, and therefore the amount of the levy ought not to have been given. The Court, in giving judgment, after observing that the only plea of justification under the writ of fi. fa. was one which alleged that the defendant entered for the purpose of making a levy, the outer door being open, and that this allegation was found against them, as well as the plea of not guilty, proceeded to say, "The defendants therefore could not avail themselves of the writ of fi. fa. under the plea of the general issue, and were, upon the state of the record, without defence in regard to the amount exacted to induce them to withdraw; the jury were warranted in including the amount so exacted in damages. The state of the record before mentioned renders it unnecessary to consider how far, and to what extent, a levy under a writ of fi. fa. can be justified, where properly pleaded, when the possession of the goods has been illegally obtained" (*r*). When the question next arises we may expect some phenomenon of special pleading to meet the possibility so cautiously hinted at. Probably the real importance of the doctrine above stated will be felt when the action is not against the sheriff or his bailiffs, but against the execution creditor, for the proceeds of the sale. Should he be successful in separating himself from any connection with the unlawful entry, he may be held entitled to retain the goods, on the ground that the execution was valid, and that he cannot be put in a worse position on account of improper conduct which he did not sanction, and which was not the act of his agent, but of a public officer obeying the mandate of a Court of Justice (*s*).

Breaking
outer door of
an out-house.

I may observe that the outer door of an out-house may be

(*r*) *Brunswick v. Slowman*, 8 C. B. 317, 330.

(*s*) See 7 H. IV. c. 35: Com. Dig. Trespass, C. 1; 4 Inst. 317: *Robinson v. Vaughton*, 8 C. & P. 255: *Wilson v. Twyman*, 6 M. & G. 236: *Lyons v. Martin*, 8 A. & E. 512: *Freeman v. Rosher*, 13 Q. B. 780: *Smith v. Holbrooke*, 9 Ir. L. R. 153.

broken open for the purpose of executing a *fi. fa.* (*t*), but not in making a distress (*u*). The cases were reconciled by Lord Campbell, C.J., on the ground that a distinction may reasonably be made between the powers of an officer acting in execution of legal process, and the powers of a private individual, who takes the law into his own hands, and for his own purposes (*x*).

Where a *fi. fa.* has been executed in a place where the Court had no authority, as for instance, out of the jurisdiction of the Court, the measure of damages is the whole value of the goods seized, and not the amount of injury actually sustained. To admit the latter mode of estimating damages would be, in effect, allowing the illegal proceedings to stand good (*y*).

When, after a wrongful seizure by the sheriff, the goods are taken from him by another wrong-doer, from whom the right owner can only obtain them by payment, he may, in an action against the sheriff, recover as special damage the money necessarily so paid (*z*). And on the same principle the sheriff is liable to all the costs of an illegal arrest, and not the original plaintiff, unless he was privy to it (*a*). Where, however, the execution creditor has given such instructions to the sheriff as amount to a direction to him to do the unlawful act complained of, this constitutes the sheriff his bailiff, and the creditor will be directly liable to an action by the person who is entitled to redress for the unlawful act (*b*). The sheriff, of course, will also be liable, but if he is sued he will be entitled to reimbursement by the creditor for all damages awarded against him, up to the time when he acquired a knowledge of the impropriety of the execution, and might and ought to have withdrawn it (*c*). Whether the creditor can by subsequent ratification

Seizing goods out of jurisdiction.

Payment of money to recover.

Liability of creditor.

(*t*) *Penton v. Browne*, 1 Sid. 186.

(*u*) 9 Vin. Abr. 128, Distress (E. 2), pl. 6 : *Brown v. Glenn*, 16 Q. B. 254.

(*x*) 16 Q. B. 257. Both in the case of distress and execution, a bailiff may break open the door to retake possession if there has been no abandonment : *Bannister v. Hyde*, 3 E. & E. 627 ; 29 L. J. Q. B. 141.

(*y*) *Sowell v. Champion*, 6 A. & E. 407.

(*z*) *Keene v. Dilke*, 4 Ex. 388.

(*a*) Anon. 1 Chit. 580.

(*b*) *Morris v. Salberg*, 22 Q. B. D. 614 ; 58 L. J. Q. B. 275 ; affirming *Jarmain v. Hooper*, 6 M. & G. 827.

(*c*) *Humphreys v. Pratt*, 5 Bligh N. S. 154 ; per Cockburn, C.J., *Childers v. Wooler*, 2 E. & E., at p. 316 ; 29 L. J. Q. B. at p. 141.

make himself liable for an unlawful act of a sheriff which he had not directed, seems not quite settled (*d*). It is now decided that an endorsement upon a writ containing a direction to the sheriff is within the scope of a solicitor's authority, and that his principal can be sued if the sheriff acts illegally in pursuance of it. Verbal instructions given after the issuing of the writ, whether by the solicitor or his clerk, are beyond his authority, as they relieve the sheriff of the obligation which the law imposes upon him in the execution of his duty (*e*).

Damages
where plain-
tiff must have
sold.

We have before observed (*f*) that in trover by a bankrupt's assignees, who would themselves have had to sell, the jury seldom give greater damages than the amount at which the goods actually sold (*g*); and even may allow the sheriff's expenses, if there were no circumstances making a sale by him more unfavourable to them than if it had not taken place (*h*). But where the plaintiff is himself the owner of the goods, and sues in trespass, the amount of damages is entirely for the jury, and they are not limited to the amount for which the goods sold, though he had himself intended to sell them, and the sale was conducted by the auctioneer whom he had commissioned for that purpose (*i*).

Payments
made by
sheriff.

When in an action against the sheriff for seizing goods evidence was offered in reduction of damages, that the sheriff had made certain payments on account of rent and executions, which it was admitted he was bound to satisfy, the Court considered it doubtful whether such evidence was in general admissible. In the particular instance, however, it was allowed, as the plaintiffs had in their own notice of demand expressly excepted the sums in question (*k*).

Cases of
doubt as to
right of pro-
perty.

When there is a doubt respecting the property of goods which the sheriff is directed to seize, he may summon a jury, in the nature of an inquest on office, to satisfy himself whether

(*d*) In *Childers v. Wooler* the majority of the Court thought that a ratification by subsequent adoption of the act would be sufficient. In *Morris v. Salberg* the Court of Appeal, without deciding the point, appear to have been of an opposite opinion.

(*e*) *Smith v. Keal*, 9 Q. B. D. 340: *Morris v. Salberg*, *ubi supra*.

(*f*) *Ante*, p. 402.

(*g*) *Whitehouse v. Atkinson*, 3 C. & P. 344.

(*h*) *Clark v. Nicholson*, 6 C. & P. 712: 1 C. M. & R. 724, S. C.

(*i*) *Lockley v. Pye*, 8 M. & W. 133.

(*k*) *Goldsmid v. Raphael*, 3 Sco. 385.

the goods belong to the debtor or not. The verdict does not bind the rights of the parties, but it will go in mitigation of damages if they find that the goods are those of the debtor, and it should happen that they are not (*l*). In general, however, the modern remedy by interpleader will be found more effectual (*m*).

IV. The action of replevin is an anomalous one, in this respect, that both plaintiff and defendant are actors in the suit. In fact, it consists of two cross actions; in which one party claims damages for having his goods seized, while the other party claims satisfaction for some demand out of which the seizure arose. One result of this peculiarity is, that either party may obtain damages (*n*).

Damages in replevin.

Should a verdict be found for the plaintiff, the jury assess the damages as in an ordinary action of trespass. Unless special damage is laid, they are generally only costs of the replevin bond, and in practice were, before 19 & 20 Vict. c. 108, always assessed at 2*l.* 2*s.* in London, Middlesex, York, and some other places; 2*l.* 10*s.* elsewhere (*o*). They now depend on the amount distrained for (*p*). These are all he is in fairness entitled to, as he has already had given back to him possession of the goods distrained.

Verdict for plaintiff.

A recovery in replevin is a bar to any action for further damages arising from the taking away of the goods, since all such damages might have been, and ought to have been, recovered in the action of replevin (*q*).

Effect of recovery.

No damages were recoverable at the Common Law by the

Verdict for defendant.

(*l*) Dalton, Sheriff, 146; Gilb. Execution, 21; 4 T. R. 633: *Roberts v. Thomas*, 6 T. R. 88.

(*m*) See Order 57, which replaces 1 & 2 Wm. IV. c. 58.

(*n*) Money can now be paid into Court by a plaintiff in replevin, in answer to a claim for damages: O. 22, R. 1; previously by 23 & 24 Vict. c. 126, s. 23.

(*o*) Chit. Prac. 1030, 9th ed.; Archb. Prac. (1853) 335. It has been doubted whether special damages arising from an injury to the goods by defendant or otherwise could be recovered: *Connor v. Bentley*, 1 Jebb. & Sy. Ir. Rep. 246. See *Ognell's Case*, 3 Leon. 213: *Atkinson v. Nesbitt*, 9 Ir. L. R. 271, and cases cited there. It is now settled that such damages, if recoverable in trespass, may be awarded in replevin: *Gibbs v. Cruikshank*, L. R. 8 C. P. 454; 42 L. J. C. P. 273; followed and apparently extended by *Smith v. Enright*, (1893) W. N. 173. See a very able discussion on the subject: 28 Law Journal, 852 (Dec. 16, 1893).

(*p*) 19 & 20 Vict. c. 108, Schedule C.; Chitty's Arch. Pr. 1092, 12th ed.; Woodfall's L. & T. 547, 15th ed. By s. 71, a deposit may be made instead of security being given. This statute is extended to all cases of replevin by 23 & 24 Vict. c. 126, s. 22.

(*q*) *Gibbs v. Cruikshank*, L. R. 8 C. P. 454; 42 L. J. C. P. 273.

At Common Law.

defendant in an action of replevin, or second deliverance, and in the case of a verdict for the defendant, or of the plaintiffs being non-suited, the judgment at Common Law was merely for a return of the goods (*r*).

By statutes of Henry VIII.

By the combined effects of two statutes, 7 Hen. VIII. c. 4, s. 3, and 21 Hen. VIII. c. 19, s. 3, a person making avowry or cognizance, or justifying as bailiff, if the avowry, &c., was found for him, or the plaintiff was non-suited, or otherwise barred, recovered his damages and costs; and by 17 Car. II. c. 7, s. 2, in replevin for arrears of rent, provision was made, upon a suggestion of the defendant, in the case of a non-suit before issue joined, or of a judgment for the defendant on demurrer, for the issue of a writ of inquiry, upon the return of which, defendant had judgment to recover the arrears of rent, if the goods, &c., amounted to that sum; and if not, then the value of such goods, &c., with his full costs of suit.

By statute of Car. II.

All these statutes are now repealed, but there can be no doubt that now, by proper claim or counterclaim, a defendant can recover any damages to which he may be entitled.

V. Illegal distress.

The damages in suits of this nature depend greatly upon the form in which the action may be brought. Where the defendant can be treated as a trespasser *ab initio*, so as to make his possession of the goods wholly wrongful, their entire value will be recoverable. When it is necessary to sue for consequential damage, the plaintiff can only obtain damages for the special injury he has suffered, which may be very slight, where he was really in fault, and liable to a seizure of his goods.

Form of action where an irregularity has been committed in distraining for rent.

The action must always be for consequential damages where an irregularity has been committed in distraining for rent. This is enacted by 11 Geo. II. c. 19, s. 19, which, after reciting that some irregularity is occasionally committed, for which the party distraining is deemed a trespasser *ab initio*, and the plaintiff has been entitled to recover the full value of the rent for which the distress was taken, provides, that where any distress shall be made for any rent justly due, and any irregularity or unlawful act shall be afterwards done by the party distraining, or his agent, the distress shall not therefore

be deemed unlawful, nor the persons making it trespassers *ab initio* ; but the parties aggrieved shall recover full satisfaction for the special damage they shall have sustained, and no more, in an action of trespass, or on the case, at the election of the plaintiff. And no tenant shall recover in an action for any such unlawful act or irregularity, if tender of amends have been made before action brought (*s*).

It was for some time assumed that under this section a plaintiff might always recover nominal damages for an irregularity, but it is now settled that the plaintiff can only recover where actual damage is proved (*t*).

The following are the principal species of irregularity for which actions may be brought :

Actions for excessive distress arise out of the statute 52 Hen. III. c. 4 (*u*), which provides that distresses shall be reasonable and not too great ; and he that taketh great and unreasonable distresses shall be grievously amerced for the excess of such distresses. Such actions, in the days when forms of action were of importance, were always in case (*x*). Damages for an excessive distress, where the goods have been sold, will depend upon the loss and inconvenience the plaintiff has been put to by having an unnecessary amount of his goods taken from him. If the amount for which they sold beyond the claim against him has not been returned to him, of course it will form part of the damages (*y*). In order to estimate whether the amount taken was excessive or not, their value must be calculated according to the sum which they would fetch at a broker's sale, not at the price which could be obtained for them from an incoming tenant in the same line of business as the plaintiff (*z*), because the former is their value for the purpose

Action for an excessive distress.

(*s*) 11 Geo. II. c. 19, s. 20.

(*t*) *Rodgers v. Parker*, 18 C. B. 112 ; 25 L. J. C. P. 220 ; *Lucas v. Turlleton*, 3 H. & N. 116 ; 27 L. J. Ex. 246.

(*u*) Probably the action would lie even independently, for Lord Coke says of this statute, it agreeth with the reason of the common law. 2 Inst. 107 ; 1 M. & W. 447.

(*x*) *Woodcroft v. Thompson*, 3 Lev. 48 ; *Lynne v. Moody*, 2 Stra. 851 ; *Hughes v. Browne*, 7 Ir. L. 492. See as to the amount of interest in the goods distrained which will enable the plaintiff to support an action, *Evil v. Whitaker*, L. R. 7 Q. B. 120 ; 41 L. J. Q. B. 78.

(*y*) See per Parke, B., 1 M. & W. 448.

(*z*) *Wells v. Moody*, 7 C. & P. 59. The price realised at the sale is not a conclusive test of the value : *Smith v. Ashforth*, 29 L. J. Ex. 259. There substantial damages were recovered, though the sale did not realise the rent due.

of satisfying the defendant's demand. Where, however, the declaration makes no mention of a sale, either as special damage, or by way of substantive complaint, damages can only be recovered in respect of the detention up to the time they were sold, and not in respect of the sale itself (*a*). In a modern case, in which there had been no sale, and no actual damage was shown to have been sustained, the Court of Exchequer were of opinion, that in every case of excessive distress there must be some loss or inconvenience, for which a jury ought to be told that they must find some damages, either nominal or substantial (*b*).

On the other hand, when the distress is so excessive on the face of it, that some of the things must be supposed to have been taken without shadow of claim, as where 6 ozs. of gold and 100 ozs. of silver were taken for a debt of 6*s.* 8*d.*, trespass will lie (*c*).

No action at all is maintainable for distraining for more rent than is due, provided the distress is not excessive as to that which is due; and an assertion that the distress was made maliciously, will not render a count to that effect good (*d*).

Irregularity
in distraining
corn or hay,
or growing
crops.

By s. 3 of 2 W. & M. sess. 1, c. 5, loose corn or hay may be distrained for rent, but it cannot be removed from the land till it is either replevied, or sold in default of replevying.

By 11 Geo. II. c. 19, s. 8, growing crops may be seized for arrears, and cut, cured, and laid up when ripe in barns, &c., upon the premises, and appraised or sold in the same manner as other goods or chattels; and the appraisement to be taken when cut, gathered, cured, and made, and not before.

Effect of
tender.

Tender of rent in arrear, and cost of charges of making the distress, and which shall have been occasioned thereby, at any time before the corn, &c., is ripe, cut, and cured, will put an end to the distress (*e*).

(*a*) *Thompson v. Wood*, 4 Q. B. 493.

(*b*) *Chandler v. Doulton*, 3 H. & C. 553; 34 L. J. Ex. 89.

(*c*) *Hutchins v. Chambers*, 1 Burr. 579; *Crowther v. Ramsbottom*, 7 T. B. 658.

(*d*) *Tancred v. Leyland*, 16 Q. B. 669; *Glynn v. Thomas*, 11 Ex. 870; 25 L. J. Ex. 125; *Stevenson v. Newnham*, 13 C. B. 285; 22 L. J. C. P. 110; overruling *Taylor v. Henniker*, 12 A. & E. 488. It is settled law that a distrainer may justify for any cause which existed at the time, although he set up a different one: *Phillips v. Whitsed*, 2 E. & E. 804; 29 L. J. Q. B. 164.

(*e*) 11 Geo. II. c. 19, s. 9.

Where there has been an excessive distress by taking corn or hay loose (under 2 W. & M. sess. 1, c. 5, s. 3), or growing crops (under 11 Geo. II. c. 19), the measure of damage is not the full value of the crops, beyond the amount which ought to have been taken, because the tenant is not ultimately deprived of them. It is simply such a sum as is a compensation for the additional expense of a distress, and of keeping possession of that part of the crops which it was unnecessary to take during the time of possession ; and some compensation for the loss of absolute ownership and power of disposition for the same time ; or if the tenant has replevied, then a compensation for the additional expense and inconvenience of replevying to a larger amount. If movables have been distrained on along with growing crops, the probable value of the latter cannot be taken as a present satisfaction of the rent to that amount, so as to make the landlord a wrong-doer, by taking and selling all, or, as the case may be, the excess of movable chattels, and liable for their value. He has a right to apply those which are immediately productive in satisfaction of the rent *pro tanto*, and hold a reasonable part of the present unproductive fund as a security for the balance (f).

Amount of damages.

In one case arising out of the latter statute, it was decided that a sale of growing crops was wholly void unless the provisions of the Act were complied with ; and that no action could be maintained for consequential loss arising from a premature sale, since it was such a nullity that no legal damage could be sustained from it (g). This decision, however, is opposed to a later one where a similar question arose. A landlord seized growing crops under a distress for rent, and sold them before they were cut, contrary to the statute. They were afterwards cut and carried away by the purchaser. It appeared that they sold for the full amount they would have fetched, if sold at the proper time ; and that rent to an amount greater than their value was due. Nominal damages only were given. Lord Lyndhurst, C.B., said, " By the terms of the Act, the party injured by an unlawful act, committed after a lawful distress, is only to recover to the amount of the damage he has actually sustained."

Irregularity does not make sale void.

(f) Per Parke, B., *Piggott v. Birtles*, 1 M. & W. 441, 451.

(g) *Owen v. Leigh*, 3 B. & A. 470.

Bayley, B., asked, "What damage is the plaintiff entitled to? Why, the difference between the amount for which the crops would have sold, if the sale had been regular, and that which they actually sold for" (*h*). The form of the rule in this case merely rendered it necessary for the Court to decide that the plaintiff was not entitled to more than nominal damages, but the grounds of decision would have justified a verdict for the defendant; and it has since been decided in a similar case, that where the plaintiff fails to prove special damage, he is not entitled to nominal damages, but the defendant is entitled to the verdict (*i*).

Selling without appraisalment.

At Common Law the distrainer could not sell the property seized, but by 2 W. & M. sess. 1, c. 5, s. 2, where goods are distrained for rent, and the tenant or owner of the goods shall not, within five days (*k*) next after such distress taken, and notice thereof (with the cause of such taking), replevy the same, then after such distress and notice and expiration of five days the distrainer may cause the goods to be appraised by two sworn appraisers, and after such appraisalment may sell for the best price that can be gotten at the time (*l*), leaving the overplus, if any, in the hands of the sheriff, &c., for the owner's use. By the recent Law of Distress Amendment Act, 1888, appraisalment is abolished except where the tenant or owner of goods requires it (*m*). In an action for selling goods distrained, without appraisalment, the measure of damages was the value of the goods *minus* the rent due (*n*).

Other irregularities.

Actions also lie upon the equity of the above statute, for not removing the distress in a reasonable time (*o*); though the plaintiff may, if he choose, sue for the continuing upon the premises after five days, as an independent trespass (*p*). And similarly for not giving notice, and not selling at the best

(*h*) *Proudlore v. Twemlow*, 1 C. & M. 326.

(*i*) *Rodgers v. Parker*, 18 C. B. 112; 25 L. J. C. P. 220.

(*k*) To be extended to fifteen if the tenant or owner of the goods desires; 51 & 52 Vict. c. 21, s. 6.

(*l*) The statute contemplates a sale. The landlord's taking the goods at the condemned price does not divest the tenant's property in them: *King v. England*, 4 B. & S. 782; 33 L. J. Q. B. 145.

(*m*) 51 & 52 Vict. c. 21, s. 5.

(*n*) *Biggins v. Goode*, 2 Cr. & J. 364; *Knight v. Egerton*, 7 Ex. 407.

(*o*) Com. Dig. Distress, I.

(*p*) *Griffin v. Scott*, 2 Stra. 717.

price (*q*). And apparently for locking up the whole of the premises and excluding the tenant (*r*). The damages in all such instances will depend upon the actual loss the plaintiff can prove. In an action for not selling a distress at the best price, he was allowed to show that the goods were left standing in the rain, and that they were improperly lotted (*s*). Want of notice does not render a distress invalid (*t*).

By 52 Hen. III. c. 4, and 1 & 2 Ph. & M. c. 12, s. 1, it is enacted that no distress of cattle shall be driven out of the hundred, rape, wapentake, or lathe where such distress is taken, except it be to a pound overt within the same shire, not above three miles distant from the place where the said distress is taken; and that no cattle or other goods distrained or taken by way of distress, for any matter or cause at one time, shall be impounded in several places, whereby the owner shall be constrained to sue several replevies for the delivery of the said distress; penalty for every such offence 100*l*., and treble damages.

Driving cattle into another county.

In all these cases where the first taking of the distress is lawful, a subsequent disobedience to the statute does not make it void, so as to enable the other party to sue for trespass; therefore where the action is for driving into another county (*u*), it must be framed upon the statute. The damages would probably be such as the Act suggests, viz., the additional trouble and expense of replevying. This Act, it will be observed, equally applies to cases of damage feasant.

It will be readily seen that there are many cases to which the above section (*x*), in favour of distresses where there has been a subsequent irregularity, does not apply. It is expressly confined to distresses for rent, and therefore the law as to damage feasant is left where it was before. Nor does it apply where the distress is void *ab initio*; as, for instance, where no rent was due at all (*y*); or where the distress was effected by breaking

Cases to which 11 Geo. II. c. 19, s. 19, does not apply.

(*q*) Com. Dig. Distress, D. 7; 2 Chitt. Pl. 537.

(*r*) *Smith v. Ashforth*, 29 L. J. Ex. 259.

(*s*) *Poynter v. Buckley*, 5 C. & P. 512; and see *Ridgway v. Stafford*, 6 Ex. 404; *Roden v. Eyton*, 6 C. B. 427.

(*t*) *Trent v. Hunt*, 9 Ex. 14.

(*u*) *Gimbart v. Pelah*, 2 Stra. 1272.

(*x*) 11 Geo. II. c. 19, s. 19.

(*y*) *Ireland v. Johnson*, 1 Bing. N. C. 162.

open an outer door (*z*) ; or by opening a closed window (*a*), or after sunset and before sunrise (*b*) ; or where the goods taken were not distrainable at all. In all these cases actions for trespass or conversion may be maintained, and the actual value of the things recovered (*c*). And where a distress is made by virtue of 2 W. & M. sess. 1, c. 5, for rent pretended to be due, and none is really in arrear, the owner of the goods distrained may recover double their value and full costs (*d*), and the jury ought to be directed to give this amount (*e*). Nor does it apply to any independent act, irrespective of the distress ; as, for instance, where a landlord, after making a distress, turned the tenant out of possession (*f*). Nor where lodgers' goods are sold before the expiration of five days (*g*).

Effect of a tender.

A distress will also be void *ab initio*, when made after tender. But tender after distress, and before impounding, makes the detainer, and not the original taking, wrongful ; and at Common Law tender after the impounding makes neither the one nor the other wrongful, for then it comes too late, because the cause is put to the trial of the law to be there determined (*h*). But an action upon the equity of the statute 2 W. & M. sess. 1, c. 5, s. 2, will lie where the landlord has proceeded after tender, when the tender took place after the impounding but within the five days and before sale (*i*).

What tender is sufficient.

The tender must be made to some person authorised to receive the money, and a man merely left in possession has no implied authority at law to do so (*k*). Before the distress is

(*z*) *Brown v. Glenn*, 16 Q. B. 254.

(*a*) *Nash v. Lucas*, L. R. 2 Q. B. 590.

(*b*) *Tutton v. Darke*, 5 H. & N. 647 ; 29 L. J. Ex. 271.

(*c*) *Keen v. Priest*, 4 H. & N. 236 ; 28 L. J. Ex. 157 ; *Attack v. Bramwell*, 3 B. & S. 520 ; 32 L. J. Q. B. 146 ; *Swire v. Leach*, 18 C. B. N. S. 479 ; 34 L. J. C. P. 150 ; *Nargett v. Nias*, 1 E. & E. 439 ; 28 L. J. Q. B. 143.

(*d*) S. 5.

(*e*) *Masters v. Farris*, 1 C. B. 715.

(*f*) *Eherton v. Popplewell*, 1 East, 139.

(*g*) 34 & 35 Vict. c. 79, ss. 1, 2 : *Sharp v. Fwale*, 12 Q. B. D. 385 ; 53 L. J. Q. B. 309.

(*h*) *Six Carpenters' Case*, 8 Rep. 147, a ; Gilb. Dist. 50, 67 ; 1 Smith's L. C. 127, 10th ed. See as to tender after distress and before impounding, *Loring v. Warburton*, E. B. & E. 507 ; 28 L. J. Q. B. 31 ; as to tender after impounding, where the distress was taken, damages feasant : *Sheriff v. James*, 1 Bing. 341 ; *Anscomb v. Shore*, 1 Camp. 286 ; 1 Taunt. 261, S. C.

(*i*) *Johnson v. Upham*, 2 E. & E. 250 ; 28 L. J. Q. B. 252 ; dissenting from *Ellis v. Taylor*, 8 M. & W. 415 ; and *Ladd v. Thomas*, 12 A. & E. 117.

(*k*) *Houlton v. Reynolds*, 2 E. & E. 369 ; 29 L. J. Q. B. 11.

actually made a tender of rent without expense is sufficient, though the warrant has been delivered to the broker for execution (*l*).

To make a party trespasser *ab initio*, there must be some act done, as seizing after tender, or working or killing a distress taken damage feasant: mere non-feasance, as refusing to return a distress upon tender made after seizure, will not make the original taking, but only the subsequent detainer, wrongful (*m*). So where customs'-officers detained dutiable goods at the custom-house, under an unfounded belief that they were prohibited and liable to forfeiture, this was held not to be a trespass, as they had come into their possession originally without any trespass or seizure on their part (*n*).

What makes a party a trespasser *ab initio*.

Even where a party is, or becomes, a trespasser *ab initio*, as to part of the thing distrained on, this does not make the distress void as to the rest. Accordingly where several barrels of beer were distrained for rent, and the distrainer drew beer out of one of them, Lord Holt held, that it made him a trespasser, *ab initio*, as to that one only (*o*). This decision was acted upon in a modern case under the following circumstances. The defendant distrained for rent, and included in the inventory looms then at work, and without which there was a sufficient distress. The defendant remained in possession five days, and then withdrew on being paid rent and costs. The judge told the jury, that the distraining the looms entitled the plaintiff to a verdict for their value; and that as no damage was proved, it was for them to say, whether they would give more than the amount paid to redeem them. They found a verdict for the sum paid. A new trial was granted, unless plaintiff would consent to nominal damages being entered. Lord Abinger, C.B., said, "The Six Carpenters' case leaves it an open question how far the party becomes a trespasser, *ab initio*, as to the whole distress by an excess as to part. It is very reasonable that he

Trespass *ab initio* as to part of the distress.

(*l*) *Bennett v. Bayes*, 5 H. & N. 391; 29 L. J. Ex. 224. In this case the plaintiffs recovered against the landlord's agents who had signed the distress warrant.

(*m*) *Six Carpenters' Case*, 8 Rep. 146, a.; 1 Smith's L. C. 127, 10th ed. If the distrainer unlawfully works the distress, the owner may retake it: *Smith v. Wright*, 6 H. & N. 821; 30 L. J. Ex. 313. The distrainer is bound to keep the cattle in a fit and proper place: *Biggell v. Clark*, 5 H. & N. 485; 29 L. J. Ex. 257.

(*n*) *Jacobson v. Blake*, 6 M. & G. 919.

(*o*) *Dod v. Monger*, 6 Mod. 215.

should not, but that his liability should be limited according to the doctrine laid down by Lord Holt. This is only a constructive trespass as to the looms, and yet the plaintiff is asking for damages to the amount of the whole rent. It is the same as if the goods had been sold, and the value of the looms had been returned to him" (*p*).

Things dis-
trainable con-
ditionally.

By 51 H. III. c. 4, no man shall be distrained by his beasts that gain his land, nor by his sheep for any debt, if there can be found another distress, or chattels sufficient whereof they may levy the distress, or that is sufficient for the demand; except impounding of beasts that a man findeth in his grounds damage feasant (*q*). And the same conditional exemption extends to the instruments of a man's trade or profession (*r*). But a seizure of such property will not be tortious, where the only other distress consists of growing crops. The landlord has a right to resort to those subjects of distress which are immediately available by sale, and is not bound to take those which cannot be productive till a future period (*s*).

Poor rates.

Statute 17 Geo. II. c. 38, s. 8, contains provisions similar to those of 11 Geo. II. c. 19, ss. 19 & 20, in case of distresses for poor rates.

Fraudulent
removal of
goods.

Statute 11 Geo. II. c. 19, s. 3, gives landlords a right of action to recover double the value of goods fraudulently carried off the premises to avoid a distress. This, however, only applies to goods which at the time of removal are the goods of the tenant. Where the holder of a bill of sale upon the tenant's furniture removed it for the purpose of avoiding distress, it was held that no action lay under the statute; and it made no difference that the removal was made by the authority of the tenant within the five clear days during which, under the Bill of Sales Act, 1882, s. 13, the holder was bound to leave the goods on the premises after seizure, the provision being for the benefit of the grantor of the bill, not of the landlord (*t*).

(*p*) *Harrey v. Pocock*, 11 M. & W. 740.

(*q*) This statute applies to the sheep of an undertenant of the landlord's tenant. Cart colts and young steers not broken in or used for harness or the plough, are not within it as beasts which gain the land: *Keen v. Priest*, 4 H. & N. 236; 28 L. J. Ex. 157.

(*r*) 1 Inst. 47, a: *Simpson v. Hartopp*, Willes, 512.

(*s*) *Piggott v. Birtles*, 1 M. & W. 441.

(*t*) *Tomlinson v. Consolidated Credit and Mortgage Corporation*, 24 Q. B. D. 135.

CHAPTER XIV.

1. *Injury to land generally.*
2. *Mesne Profits.*

3. *Injury to easements.*

HAVING in the preceding chapter discussed those actions which are brought for wrongs affecting personal property, I shall employ the present chapter in examining those which affect real property.

1. In actions for injury to land, the measure of damages is the diminished value of the property, or of the plaintiff's interest in it, and not the sum which it would take to restore it to its original state. This was decided in a case where the defendant had cut a ditch in the plaintiff's field, and carried away the soil (*a*). And so where the defendant has knocked down the plaintiff's house, built upon his land, which is on lease, the proper measure is the amount by which the selling price of the premises would be reduced by the wrongful act (*b*). This amount is to be estimated by the value of the old house, and not by the sum it would cost to build a new one (*c*). Even if the house were only leased to the plaintiff, who was himself under a covenant to repair, the same principle would apply, for his liability on the covenant is calculated in the same way (*d*). Of course, special loss or injury to the occupant might give rise to additional damages. Injuries to land.

The damages will vary considerably, according to the plaintiff's interest in the land. This is obviously just, both to prevent the plaintiff getting extravagant recompense when his interest is on the point of expiring, or very remote, and to Damages vary according to plaintiff's interest in the land.

(a) *Jones v. Goody*, 8 M. & W. 146.

(b) *Hosking v. Phillips*, 3 Ex. 168.

(c) *Lukin v. Goddall*, Peake, Ad. Ca. 15 : *Dodd v. Holme*, 1 Ad. & Ell. 493, 507 : *Hide v. Thornborough*, 2 C. & K. 250.

(d) *Yates v. Dunster*, 11 Ex. 15 : *Whitham v. Kershaw*, 16 Q. B. D. 613.

prevent the defendant being forced to pay for the same damage several times over. The same act may give rise to different injuries; the tenant may sue for the injury to his possession, and the landlord for the injury to his reversion (e). And so where several are entitled in succession as tenants for life, in tail, in fee, each can only recover damages commensurate to the injury done to their respective estates (f). Hence where a stranger cuts down trees, the tenant can only recover in respect of the shade, shelter, and fruit, for he was entitled to no more; and so it is where the occupant is tenant in tail after possibility of issue extinct; but the reversioner or remainder-man will recover the value of the timber itself (g). And so where the action was by the owner of a house against his lessee for opening a new door, whereby the house was injured, and the plaintiff was prejudiced in his reversionary interest; the jury found that the house was in no way injured by the act complained of, upon which nominal damages were entered for the plaintiff, subject to a special case; it was held that there ought to be a new trial, that the jury might say whether the reversionary right had been injured, which it might be by the evidence of title being weakened, though the house was as good as ever (h). But a simple trespass, even though accompanied by a claim of right, is not necessarily injurious to the reversionary estate. To entitle a reversioner to sue, the wrong complained of must be in its nature permanent (i). Temporary nuisances, as for example, noise or smoke, will not give a reversioner a right of action, even though his

(e) *Jefferson v. Jefferson*, 3 Lev. 130: *Jesser v. Gifford*, 4 Burr. 2141.

(f) *Evelyn v. Raddish*, Holt, N. P. 543: *Johnstone v. Hall*, 2 K. & J. 414; 25 L. J. Ch. 462.

(g) *Beddingfield v. Onslow*, 3 Lev. 209, 4 Rep. 63, citing 27 H. VI. Waste, 8. Where fruit trees were destroyed by fire through the negligence of the defendants, the measure of damages was held in the Supreme Court of New York to be the value of the trees as they stood on the land, not the diminished value of the land. It was laid down that although a fruit tree, differing from a timber tree, has strictly no commercial value as a tree independent of the land which sustains it, it has a value capable of estimation, having regard to its average annual products: *Whitbeck v. New York Central Rail Road Co.*, 36 Barbour (N. Y.) 644.

(h) *Young v. Spencer*, 10 B. & C. 145. But that was an action on the case in the nature of waste by a reversioner against his tenant, and what was said in it must be construed with reference to the subject-matter; see *Parke, J.*, in *Baxter v. Taylor*, 4 B. & Ad. 72.

(i) *Baxter v. Taylor*, 4 B. & Ad. 72.

tenants leave in consequence, and the rent which can be obtained for the promises is reduced (k).

These principles were applied in the case of *Rust v. Victoria Graving Dock Co.* (l), where considerable complications arose. The plaintiff was owner of a building estate, which by reason of the defendant's negligence was overflowed by flood. Part of the land was covered with houses (A) which were in the plaintiff's possession; another part with houses (B) erected by builders under building leases. Other parts were the subject of building agreements under which houses (C) were in course of erection, and the plaintiff was bound to make, and had made, advances to the builders on the security of them. As regards A it was held that the plaintiff was entitled to the cost of repairs and to loss of rental during the time the repairs were going on. The referee allowed a further sum as representing a reduced rental for four years, owing to the prejudice against the locality by reason of the flood. It was held that such damage was too remote to be allowed for, not being the natural result of the flood. As to B it was admitted that there was no damage done by the flood which would last to the end of the leases. It was, however, said that the usual way of working building property was to sell the ground rents as building advanced, and so get capital to continue operations. That the flood affected the value of the rents, and that the plaintiff ought to be allowed a sum representing the depreciation. This was rejected. Cotton, L.J., said, "On the general rule he cannot get any damages for any wrongful act of the defendant's, unless the damage is one which will endure and be continuing when the reversion becomes an estate in possession. Now sale is not the natural way of dealing with a reversion, and if it were admitted that every wrongful act which lessens its selling value gives the reversioner a right to damages, the general rule I have mentioned, that a reversioner can only recover damages for permanent injury, would be entirely done away with." As to C, the plaintiff was only interested in them as a security for his advances. The proper course was "to ascertain what sum would

Rust v. Victoria Graving Dock Co.

(k) *Mumford v. Oxford, Worcester and Wolverhampton Ry. Co.*, 1 H. & N. 34; 25 L. J. Ex. 265; *Simpson v. Savage*, 1 C. B. N. S. 347; 26 L. J. C. P. 50.

(l) 36 Ch. D. 113.

have been required to repair the injury to the structure of the houses caused directly by the flood ; and then to ascertain how far the houses before they were repaired would have been a sufficient security for the plaintiff's advances, and if there was a deficiency, then to give the plaintiff so much of the sum required to repair the damage to the houses, as in addition to the value of the houses in their damaged state would have been sufficient to make good the advances." Finally it was held, that the defendants were properly answerable for such a sum as represented the damage caused to the plaintiff by the delay in letting the vacant land which was the consequence and the direct effect of the flood.

Evidence of interest.

For the same reason the plaintiff must show what his interest is, and its duration. A tenant can only obtain nominal damages, unless he gives evidence of the time for which he is entitled to occupy (*m*) ; and an owner who has parted with the right to the surface of the soil, as, for instance, by granting a right of pasturage over it, with exclusive possession, cannot sue at all for any trespass which does not affect the sub-soil (*n*).

Purchaser of land.

A purchaser of land is entitled on completion to receive the full value of the property for which he bargained. If through any fault of the vendor, or of any person for whom the vendor is answerable, the property has suffered in value, the purchaser is entitled to such a sum as will be a complete compensation (*o*).

Right of tenant to carry away soil.

There is one curious case which seems at first to be at variance with this principle. In reality, however, upon the grounds upon which it was decided, it is in perfect accordance with it. J. J. demised land to the plaintiff at an annual rent for twenty-one years, with liberty to dig half an acre of brick earth annually ; the lessee covenanted that he would not dig more, or if he did, that he would pay an increased rent of 375*l.* per half-acre, *being after the same rate that the whole brick earth was sold for*. A stranger dug and took away brick earth. The plaintiff sued him, and on verdict for plaintiff, the question was whether he was entitled to the whole value of the earth, or only in proportion to his interest in it. It was admitted that there

(*m*) *Twyman v. Knowles*, 13 C. B. 222 ; 22 L. J. C. P. 143 : *Rust v. Victoria Graving Dock Co.*, 36 Ch. D. at p. 119.

(*n*) *Cox v. Glue*, 5 C. B. 533.

(*o*) *Clarke v. Ramuz*, [1891] 2 Q. B. 456 ; 60 L. J. Q. B. 679.

was more brick earth left than he could use up to the end of his term at the rate of half an acre per year. It was held by Mansfield, C.J., and Heath, J. (Chambre, J., contra), that the tenant was entitled to recover the whole value of the brick earth. They said that the lease amounted to an absolute sale of the whole brick earth, but the tenant was not to pay for the whole, unless he used the whole. Now supposing two actions to be brought by the tenant and the landlord, it is clear that the sum of damages recovered must equal the full value of the earth. But they said the landlord could only recover nominal damages, because *non constat* that any of the earth would ever be left for the benefit of the reversion, as the tenant had the right of taking it away. Nor could he suffer by so much earth, upon which the tenant might pay additional rent, being taken away. Because whether it was taken away by the tenant himself or a stranger, he would equally have a right to recover on his covenant. If then the landlord could only obtain nominal damage, of course the full amount must be recoverable by the tenant. On the other hand, Chambre, J., was of opinion, that the property in the extra earth remained in the lessor, subject to the lessee's right to purchase it at a fixed price. That the beneficial interest of the plaintiff in the earth taken by the defendant consisted in the difference between its value and the price he must have paid for it had he taken it himself. That all the remaining interest was in the reversioner. That the latter could maintain no action against the lessee upon his covenant for the value of the earth taken by a stranger. Consequently, that if the lessee recovered the whole value he would receive so much money of his lessor's which he could not be made to refund (*p*). It is clear that whichever side was right, the principle that neither could recover more than the amount of their interest was admitted.

The same principle was applied under different circumstances in the following case. A conveyance was made in fee, subject to a reservation to the grantor of mines and minerals, and extensive powers of occupying and using the surface for the power of working. The grantee was bound to permit the grantor to do everything which was necessary for the exercise of

Reservation
of rights on
surface to
grantor of fee.

the powers reserved to him. On the other hand, the grantor was bound annually to make reasonable compensation to the grantee for damage or spoil of ground occasioned by the exercise of these powers. When a question of compensation arose, it was contended on behalf of the grantor, that the value of the ground must be taken as diminished by the restrictions imposed upon its use. But it was held that the grantee was at liberty to use the land for any purpose to which it was applicable, so long as he did not interfere with the minerals, and that the compensation due to him for damage occasioned by the exercise of the powers reserved, must be estimated with reference to the value of the land for any purpose to which an ordinary owner might put it. In other words, that the powers reserved to the grantor merely marked out what damage he might lawfully do, if he chose to pay for it (*g*).

Trespass by
mining.

We have had occasion before to examine the case of a trespass committed by mining and carrying away the minerals severed (*r*). Here the most essential part of the wrong consists in the removal of the mineral. It is to be estimated at its value at the time the defendant began to take it away; that is, as soon as it existed as a chattel. This value will be the sale price at the pit's mouth, after deducting the expense of carrying it from the place in the mine where it was got to the pit's mouth, but not the cost of severing it. Separate compensation must be given for all injury done to the soil by digging, and for the trespass committed in dragging the mineral along the plaintiff's adit (*s*). It seems, however, that where there is a real disputed title the case is different, and the minerals are to be valued as if the soil in which they lay had been purchased from the plaintiff (*t*).

By exercising
right of way.

Where the defendant in taking away the plaintiff's minerals has also passed over the plaintiff's land without his permission, the damages will be assessed, not at the actual injury caused

(*g*) *Mordue v. Dean and Chapter of Durham*, L. R. 8 C. P. 336; 42 L. J. C. P. 114.

(*r*) *Ante*, p. 405.

(*s*) *Morgan v. Powell*, 3 Q. B. 278; *Martin v. Porter*, 5 M. & W. 352; *Wild v. Holt*, 9 M. & W. 672.

(*t*) *Per Parke, B.*, 9 M. & W. 673; *Wood v. Morewood*, 3 Q. B. 440, n.; *United Merthyr Collieries Co. v. L. R.* 15 Eq. 46; *Jegon v. Vician*, L. R. 6 Ch. 742; 40 L. J. Ch. 389; *Jub v. Putton*, L. R. 20 Eq. 84; 44 L. J. Ch. 262.

by the wrongful user of the underground way, but at what would be a reasonable rent for a way-leave, according to the usage of the neighbourhood. And these damages seem to be allowed, whether the trespasser was acting wilfully or innocently (*u*). The same rule has been applied where the defendant had trespassed on the plaintiff's land by tipping spoil from his colliery upon it. The diminished value of the land by reason of the deposit wrongfully thrown upon it was 200*l*. The benefit to the defendant by using for tipping purposes the land of the plaintiff, which was the only land procurable for that purpose, was much greater. It was held by the Court, that as to so much of the land as was actually covered by the spoil, the damages should be calculated at the tipping value, which was found to be 500*l*. per acre. That as to that part of the land which was not so covered, but which had become useless for any other purpose than that of tipping, the damages should be its diminution in value; and that no interest should be allowed upon the damages, as this would be to treat the plaintiffs as having invested their damages at interest in the hands of the defendants (*v*).

Where there has been a total deprivation of land, the damages of course are such as will indemnify the plaintiff for the loss of his property. In the absence of better evidence, a fair way of arriving at the value will be to take the annual amount of the produce, deducting all proper expenses, or the annual rent actually or probably obtainable, and then to capitalise the amount at such number of years' purchase as represents the ordinary rate of interest (*w*).

Total deprivation of land.

Another question which has been already discussed is, when prospective loss arising from an injury to land may be allowed for, and when it may not. The rule is that when such prospective loss may be the subject of a fresh action when it occurs, it cannot be allowed for beforehand, and *vice versa* (*x*). The former is the case when the act complained of is a

When prospective damages may be allowed for.

(*u*) *Martin v. Porter*, 5 M. & W. 352 : *Jegon v. Virian*, L. R. 6 Ch. 742 : 40 L. J. Ch. 389 : *Phillips v. Homfray*, L. R. 6 Ch. 770.

(*v*) *Whitwham v. Westminster Brymbo Co.*, [1896] 1 Ch. 894 ; 65 L. J. Ch. 741.

(*w*) *McArthur v. Cornwall*, [1892] A. C. 75 : 61 L. J. P. C. 1 : *Secretary of State for India v. Shanmugaraya*, L. R. 20 I. A. 80.

(*x*) *Ante*, pp. 106—108.

continuing trespass upon the plaintiff's land, as, for instance, an unauthorised erection upon it (*y*); or is a continuing nuisance to it (*z*). Accordingly, a former recovery is no bar to any number of subsequent actions as long as the same cause continues; otherwise the defendant would be purchasing a right to commit a wrong (*a*). And it makes no difference that the defendant has no power to enter upon the land in question to remove the source of complaint, and that he would be a trespasser if he did so (*b*). For the same reason, viz., that a continuing trespass is a fresh ground of action every day, if part of the time during which the trespass was continued is beyond the period of limitation, damages can only be recovered for the trespasses within such period (*c*).

When not allowable.

The contrary rule obtains where the original wrong consists of a single injury or act of destruction. Accordingly, where the defendant had made an aperture in the plaintiff's mine, through which the water kept continually flowing into, and drowning it, it was ruled that no fresh action could be brought for loss accruing subsequently. The damages in the first action for making the aperture must be taken to have been a full compensation not only for the act, but for all the consequences which could arise from it (*d*).

Co-trespassers.

Where the defendant is one of a number of co-trespassers, as a member of a hunt, he is liable for the whole of the damage done (*e*), but not for any malicious motive which may have actuated any others of the party (*f*).

When consequential loss may be allowed for as substantive damage.

Consequential loss resulting naturally from acts which are in themselves part of the trespass, may be proved as

(*y*) *Holmes v. Wilson*, 10 A. & E. 503.

(*z*) *Shadwell v. Hutchinson*, 4 C. & P. 333; *Thompson v. Gibson*, 7 M. & W. 457.

(*a*) *Ibid.* It follows that evidence cannot be given of the diminution in saleable value of the premises in consequence of the nuisance, because the plaintiff, after recovering for such diminution, might bring a fresh action, for the continuance of the nuisance: *Battishill v. Red*, 18 C. B. 696; 25 L. J. C. P. 290. In a second action a jury will be justified in giving such damages as may compel the defendant to abate it; *Ib. per Jervis, C.J., Shadwell v. Hutchinson, supra.*

(*b*) *Thompson v. Gibson, ubi sup.*

(*c*) *Wilkes v. Hungerford Market Co.*, 2 Bing. N. C. 281.

(*d*) *Clegg v. Dearden*, 12 Q. B. 576.

(*e*) *Hume v. Oldacre*, 1 Stark. 352. See *Paul v. Summerhayes*, 4 Q. B. D. 9; 48 L. J. M. C. 33, where an unsuccessful attempt was made to establish a right to pursue a fox over the land of another.

(*f*) *Clark v. Newsam*, 1 Ex. 131, 139.

substantive damage, though it might be sued for as a distinct ground of action ; for instance, infection caught by plaintiff's cattle from the entry of diseased cattle into his land (g) ; but where in trespass for breaking the plaintiff's house, evidence was offered that his wife was so terrified by the defendant's conduct that she took ill and died ; this was received not as a ground for substantial damage, but merely as showing the violence of the defendant's conduct (h). Such an event could not be treated as a natural result of the trespass. Nor can any greater effect be given to loss arising from circumstances which are in themselves only matter of aggravation, and not part of the trespass. Trespass was brought for breaking and entering plaintiff's dwelling-house, and, under a false and unfounded charge that plaintiff had stolen property in her house, searching the same, whereby the plaintiff was not only interrupted in the enjoyment of her dwelling-house, but her credit was injured by reason of a belief excited among her neighbours that she was a receiver of stolen goods. Two objections were taken. First, to the declaration, as uniting charges of trespass and slander which have different periods of limitation. Secondly, to the summing up of the judge, who had told the jury that if they believed the plaintiff's witnesses, he thought there was something very like a charge of having stolen goods in her house, and if so the damages undoubtedly ought not to be merely nominal. But Lord Ellenborough said, "As to the exception taken to the declaration, the trespass is the substantive allegation, and the rest is laid as a matter of aggravation only. On the other point it does not appear that the learned judge told the jury that they might go beyond the damages for the trespass, and consider the rest as a subject of substantive damage, or in any other wise than as connected with the trespass, and that is the constant course of considering it. In actions for false imprisonment, the jury look to all the circumstances attending the imprisonment, and not merely to the time for which the party was imprisoned, and give damages accordingly. So here, the breaking and entering the plaintiff's dwelling-house for the purpose of searching it, and under the false charge,

(g) *Anderson v. Buckton*, 1 Stark. 192.

(h) *Huxley v. Berg*, 1 Stark. 98.

constitutes the trespass, and the false charge was not left as a distinct and substantive ground of damage" (*).

Several
trespasses.

On the other hand, as many acts as the plaintiff chooses may be joined in the declaration, and allowed for as substantive damage when they are themselves trespasses; for instance, entering his land and carrying away his trees, or chasing and killing his cattle (*k*) or debauching his daughter (*l*). But in such a case each act must be laid with all the legal requisites to form a ground of action. Therefore, in trespass for entering the plaintiff's dwelling-house and taking away certain goods there, it was held that no damages could be given in respect of the goods, as there was no allegation that they were the property of the plaintiff (*m*).

Vindictive
damages.

In actions of trespass, even where there is no special damage, the jury are not limited to the actual injury inflicted, but may take all the circumstances into consideration: 500*l.* were held not to be excessive damages where the defendant, a man of rank, persisted in entering upon the plaintiff's land, and shooting his game, though required to desist, and conducted himself in other respects in a violent and abusive manner (*n*).

Compensation
for acts done
by authority
of Parliament.

Injuries to land frequently arise from the operations of public companies, acting within the powers given them by their acts. In all such cases provisions are made for giving compensation to the parties injured. The most important of these provisions are contained in the Lands Clauses Consolidation Act (8 Vict. c. 18), which is incorporated with every Act authorising a public company to purchase or take land for its undertaking. These statutory provisions for making compensation for lands taken or injuriously affected under the authority of parliament do not come properly within the scope of this treatise, and the cases decided upon them, and upon analogous clauses contained in other Acts, are now so numerous and important that it has

(i) *Bracegirdle v. Orford*, 2 M. & S. 77, 79.

(k) *Anderson v. Buckton*, 1 Stra. 192.

(l) *Bennett v. Allcott*, 2 T. R. 166.

(m) *Pritchard v. Long*, 9 M. & W. 666.

(n) *Mercat v. Harvey*, 5 Taunt. 442. On the other hand, evidence of asserted title would seem to be admissible in reduction of damages. See *per* Erle, C.J., *Skull v. Glenister*, 16 C. B. N. S. at p. 103; 33 L. J. C. P. at p. 188.

been thought useless to attempt to discuss them within the limits which must be assigned to them here. The reader is therefore referred to works in which the subject is specially considered.

2. The action for mesne profits is in origin an action of trespass, brought after a judgment in ejectment (*o*), to recover damages for the previous occupation of the land. It may be brought either against the person actually in possession of the land, at any time during the existence of the plaintiff's title, though only a tenant (*p*) or servant of the original ejector (*q*) ; or against his landlord who let him into possession, though such landlord be himself a tenant of the plaintiff, and his underlessee has held over against his will (*r*). But when the ground of the action is the bare fact of possession, damages can only be recovered for the time possession was actually retained (*s*), and in no case can the plaintiff claim for any period subsequent to an offer by the defendant to restore him possession (*t*).

Mesne profits.

Against whom it may be brought.

There are several instances in which the party entitled to possession cannot maintain trespass before entry ; as a lessee for years (*u*), heir, reversioner, purchaser, or disseisee (*x*), assignee (*y*), or a parson before induction (*z*). But execution of the writ of possession, or actual possession taken after a judgment in ejectment, entitles the plaintiff to recover damages for any period over which he can prove a right to possession, even prior to the day of demise laid in the declaration under the old form. The reason is, that the entry when made relates back to the origin of the title, and all who occupied in the meantime, by whatever title they came in, are answerable to him for their occupation (*a*). But where the party in possession is not a

Entry relates back to origin of title.

(*o*) Under the present procedure it can be joined with the action for the recovery of the land. Ord. 18, R. 2.

(*p*) *Holcomb v. Rawlins*, Cro. Eliz. 540.

(*q*) *Girdlestone v. Porter*, Woodf. L. & T. 653, 7th ed. ; by Harrison and Horn.

(*r*) *Ibbs v. Richardson*, 9 A. & E. 849 ; *Doc v. Harlow*, 12 A. & E. 40.

(*s*) *Girdlestone v. Porter*, *ubi sup.*

(*t*) 9 A. & E. 853.

(*u*) Bac. Abr. Lease, M.

(*x*) Com. Dig. Trespass, B. 3.

(*y*) *Cook v. Harris*, 1 Ld. Raym. 367.

(*z*) 2 B. & A. 470.

(*a*) *Holcomb v. Rawlins*, *ubi sup.* ; per Coltman, J., 5 M. & Gr. 764, 774 ; *Barnett v. Earl of Guildford*, 11 Ex. 19 ; 24 L. J. Ex. 281, 284.

trespasser at all, until his title is made void by entry, as where he holds against the reversioner or remainderman by virtue of a fine levied by tenant for life, mesne profits can only be recovered from the date of such entry (*b*). Even in equity it seems there is no remedy (*c*).

Effect of
judgment in
ejectment.

By 15 & 16 Vict. c. 76, s. 207, the effect of a judgment in ejectment under the form of proceeding given by that Act was the same as that of a judgment in the action of ejectment previously in use. Such a judgment then, when pleaded (*d*), was conclusive as to the right to possession against the defendant in ejectment, and all persons claiming under him up to the date on which title was laid. For any damages claimed previously to that day, strict proof of title was necessary (*e*).

Damages.

Damages in this action are not confined to the mere rent of the premises, but the plaintiff may recover for the trouble and expense he has been put to. And Gould, J., said that he had known four times the value of the mesne profits given by the jury in this action (*f*). So any consequential damage may be recovered; as, for instance, the loss which the plaintiff has suffered by the defendant's shutting up an inn, which was the subject of the ejectment, and destroying the custom. Such damage, however, must be specially laid (*g*).

Where no evidence is given as to the length of time during which the defendant was in possession, no more than nominal damages can be given, and the case was the same even though a date was laid in the declaration, not under a *viz.*, and judgment went by default; for the date was not material or traversable, and therefore not admitted (*h*).

(*b*) *Lee Compere v. Hicks*, 7 T. R. 727; *Hughes v. Thomas*, 13 East, 474.

(*c*) *Reynolds v. Jones*, 2 Sim. & Stu. 206; *Dormer v. Fortescue*, 3 Atk. 124, *contra*.

(*d*) *Matthew v. Osborne*, 13 C. B. 919; 22 L. J. C. P. 241; *Wilkinson v. Kirby*, 15 C. B. 430; 23 L. J. C. P. 224. It was held that a county court order for giving up possession, made under 19 & 20 Vict. c. 101, s. 50, had not an analogous effect: *Campbell v. Loader*, 3 H. & C. 520; 34 L. J. Ex. 50.

(*e*) *Astin v. Parkin*, 2 Burr. 665.

(*f*) *Goodtitle v. Tomba*, 3 Wils. 121; 3 T. R. 547, S. P.

(*g*) *Dunn v. Large*, 3 Dougl. 335.

(*h*) *Ire v. Scott*, 9 Dowl. 993. The effect of judgment by default in ejectment, as evidence of the defendant's possession, in an action for mesne profits, was discussed in a case in the Court of Exchequer. Kelly, C.B., was of opinion that taken alone it was no evidence of the defendant's

One common ground of damage used to be the costs of ejectment, which under the form of fiction then in use, could not be recovered in that action when the landlord or tenant did not appear, or having appeared, did not confess lease, entry, and ouster at the trial (*i*). In respect to these the rule laid down was, that where the judgment was taken in such a form as admitted of the costs being taxed, those costs alone were recoverable, and no extra costs, though *bonâ fide* incurred (*k*). The apparent exceptions to this rule were in cases where costs could not be taxed; for instance, where judgment obtained by the defendant had been reversed in error, where a Court of error could not award costs (*l*); or where judgment had gone by default, in which case it was not the practice for the officers to tax against the casual ejector (*m*). In the latter case judgment is now signed against the real defendant, as his name appears on the record, but the order which authorises this to be done is silent as to costs (*n*). The former case also no longer stands on its original footing. The Court of Appeal has a discretion as to costs (*o*), and the party ultimately prevailing will, as a general rule, get the costs of his appeal as well as the costs below (*p*).

Costs of
previous
ejectment.

If the defendant has made any payments while in possession, for which plaintiff would be liable, as ground rent or rates and taxes, he is entitled to have them taken in reduction of

Payments in
reduction of
damages.

possession at any time. Channell, B., and Cleasby, B., considered it to be *primâ facie* evidence that the defendant was in possession at the date of the writ of ejectment, but not evidence of his possession for the period (during which the plaintiff claimed title in the writ: *Pearse v. Coaker*, L. R. 4 Ex. 92; 38 L. J. Ex. 82).

(*i*) Tidd, Prac. 9th ed. 1243. An allegation in the declaration that the plaintiffs had incurred great expense in recovering possession, was held to support a claim for the costs of previous ejectment: *Pearse v. Coaker*, *supra*. Costs of prosecuting for forcible entry cannot be recovered by action for trespass and mesne profits: *Porock v. Foulke*, 10 Times L. R. 183.

(*k*) *Doe v. Daris*, 1 Esp. 538; *Symonds v. Page*, 1 C. & J. 29; *Doe v. Filiter*, 13 M. & W. 47; *Brooke v. Bridges*, 7 Moore, 471; *Doe v. Hare*, 2 Dowl. 245.

(*l*) *Nowell v. Roake*, 7 B. & C. 404.

(*m*) *Doe v. Huddart*, 2 C. M. & R. 316.

(*n*) See Ord. 13, R. 8, corresponding to 15 & 16 Vict. c. 76, s. 177, under which costs were not recoverable, but had to be recovered by action for mesne profits. See Day's Common Law Proc. Acts, 186, 4th ed.

(*o*) Ord. 58, R. 5.

(*p*) *Memorandum*, 1 Ch. D. 41.

Improvements.

damages (*q*). In America the courts go much farther. There a *bonâ fide* occupant of land is allowed to mitigate damages in an action by the rightful owner, by setting off the value of his permanent improvements, made in good faith, to the extent of the rent and profits claimed (*r*). This doctrine, however, has never been asserted in England as far as I am aware. In one case where a party had permitted buildings to be erected upon his property, by a person who acted under a mistaken impression that the land was his own, a Court of Equity restrained an action for mesne profits by injunction, in order to compel the plaintiff to allow the value of the buildings as a set-off (*s*). This in itself shows that the defendant would have had no claim for compensation at law, and even in equity the argument in his favour rested solely on the fact that the plaintiff had stood by and countenanced his acts, which amounted to a fraud upon him. Nor does the doctrine seem well founded, as a mere matter of natural justice. The improvements may be very valuable, but they may be quite unsuited to the use which the plaintiff intends to make of his land. Even if they are such as he would have wished to make, they may also be such as he could not have afforded to make. To compel him to pay for them, or to allow for them in damages, which is all the same, is quite as unjust as it would be to lay out money in any other investment for a man, and then compel him to adopt it, *volens volens*.

It was no answer to this action that the plaintiff had entered a *remittitur damna* upon the record in the action of ejectment (*t*).

Mesne profits may in some cases be recovered in ejectment.

Where ejectment was brought by landlord against tenant, and due notice of trial had been served on the tenant or his attorney, the plaintiff might go into evidence of mesne profits, and obtain a verdict for them down to the time of verdict given; even though the record contained no notice that the demand would be made (*u*). But such recovery was no bar to

(*q*) *Doe v. Hare*, 2 C. & M. 145; *Barber v. Brown*, 1 C. B. N. S. at p. 180; 26 L. J. C. P. at p. 49.

(*r*) Sedg. Dam. 125; vol. i., p. 246, 7th ed.; s. 903, 8th ed.: *Morrison v. Robinson*, 31 Penn. 456.

(*s*) *Cawdor (Earl of) v. Lewis*, 1 Y. & C. 427.

(*t*) *Harper v. Eyles*, 3 Dougl. 399.

(*u*) *Smith v. Tett*, 9 Ex. 307; 23 L. J. Ex. 93.

an action for mesne profits from the time of verdict to delivery of possession (*v*).

Formerly executors could not sue or be sued in this action ; Executors. but now it seems they may by 3 & 4 W. IV. c. 42, s. 2, provided the action be brought *by* the executors or administrators within a year after death, and for injuries committed within six calendar months before death ; and similarly as to actions *against* executors or administrators, except that the action must be commenced within six months after they have taken upon themselves the administration of the estate.

3. In actions for injuries to easements, such as rights of Easements. way, watercourses, light, common, and so forth, no rule can be laid down as to the measure of damages. They will vary in each case, according to the species and amount of injury caused. Frequently, however, such actions are brought where no actual injury has been suffered, to try a right ; and the question is, whether the plaintiff is entitled to nominal damages.

In such cases the rule may be laid down, that where an actual infringement of right has taken place an action will lie, and the plaintiff will be entitled to a verdict with nominal damages, though no real loss has been sustained. Hence in actions by commoners against strangers for interfering with their rights of common (*x*) ; or by the owners of lands and houses, for violation of their rights of ways, watercourses, light and air (*y*), or support of surface (*z*), there is no necessity to show any actual or substantial damage resulting from the act complained of. Wherever a right has been violated, the law will presume damage, and the mere fact that such acts, if submitted to, would lay the foundation of a fresh right in the wrong-doer, adverse to the original proprietor, is itself support for an action (*a*). A strong instance of this doctrine arose in

When it is unnecessary to prove actual damage.

(*v*) 15 & 16 Vict. c. 76, s. 214.

(*x*) 1 W. Saund. 346, a. ; 1 Wms. Notes to Saund. 626. *Wells v. Watling*, 2 Bl. 1233 : *Hobson v. Todd*, 4 T. R. 71 : *Pindar v. Wadsworth*, 2 East, 154.

(*y*) *Embrey v. Owen*, 6 Ex. 353 : *Bower v. Hill*, 1 Bing. N. C. 549 : *Wood v. Waud*, 3 Ex. 748 : *Dickenson v. G. Junc. Canal Co.*, 7 Ex. 282 : *Rockdale Canal Co. v. King*, 14 Q. B. 122 : *Rockdale Canal Co. v. Radcliffe*, 18 Q. B. 287 : *Clarke v. Midland Ry. Co.*, [1895] 2 Ir. Rep. 294.

(*z*) *Attorney-General v. Conduit Colliery*, [1895] 1 Q. B. 301 : 64 L. J. Q. B. 207.

(*a*) 1 B. & Ad. 426, *per* Taunton, J. : *Harrop v. Hirst*, L. R. 4 Ex. 43 ; 43 L. J. Ex. 1.

the following case. By deed between plaintiff and defendant, owners of adjoining closes, it was agreed that during the first ten days of every month the defendant should have the exclusive use, for purposes of irrigation, of the waters of a stream which flowed through his lands to the plaintiff's. That at all other times the water should be under the plaintiff's control, and that it should flow upon his land through the defendant's in a channel specifically described. Defendant altered the stream in its course through his own land, by cutting a new channel. The stream, however, entered the plaintiff's land at exactly the same point as before, and in the same quantity. No damage of any sort arose. It was held, however, that under the terms of the deed the plaintiff had a right to have the stream flowing in the specified channel, and was entitled to nominal damages (b).

What is a violation of right.

Such legal damage, however, will only be presumed where there has been a clear violation of a right. The facts from which it will be presumed differ greatly according to the subject-matter of the right, and the nature of the interests of the parties in it. For instance, commonage is a matter of private and exclusive right. Any assertion of the same right by an unauthorised person is an injury for which an action will lie. But light, air, and water are matters *publici juris*, which cannot be monopolised; all may use them who have a right of access to them, and an action only lies for such an unreasonable use as deprives the plaintiff of his just benefit from them in turn (c).

Future damage.

In case of injuries to easements, as in the case of trespass to land (d), the amount of damages awarded will vary, according as they are a compensation for all future loss arising from the act complained of, or only a compensation for the loss actually incurred up to the date of the action. Hence there is often a difference between the damages given for injury to air or light, and the damages for injury to water. Violations of right in the former class of cases generally proceed from some permanent structural obstruction; those of the latter class

(b) *Northam v. Hurley*, 1 E. & B. 665.

(c) *Embrey v. Owen*, 6 Ex. 353: *Wood v. Waud*, 3 Ex. 748: *Taylor v. Bennett*, 7 C. & P. 329: *Pringle v. Wernham*, *ibid.* 377: *Wells v. Ody*, *ibid.* 410: *Williams v. Morland*, 2 B. & C. 910.

(d) See *ante*, p. 455.

from some cause which varies day by day, and which may cease or increase. Where such a distinction exists, damages for obstruction to light and air would represent the depreciation in the value of the injured property, and would be a complete compensation, once for all, for the injury done(e). But in the case of an injury to running water, the damages given would only represent the past injury to the plaintiff's rights, and would consequently be no compensation for any future injury(f).

So also any act, however temporary, which disturbs the occupant of land in the possession of all his rights attaching to it, is ground for an action by him. But the reversioner can only sue in respect of some wrong which is calculated to injure his reversion ; and the fact of its being of such an injurious character must appear upon the record, and be proved at the trial, or be capable of being assumed as proved after verdict(g).

Actions by
reversioners,
&c.

The same obstruction to the plaintiff's rights may be the subject of continual actions and continual damages, till it is discontinued(h).

In some cases, however, actual damage constitutes the gist of the action, and must be stated and proved. This takes place where the wrong complained of is one of a public nature, which can only become ground of action by an individual upon proof of actual damage to himself resulting from it(i). But though particular damage must be shown and established, it is neither necessary to lay, nor prove, special damage in its technical sense. As, for instance, where the injury consisted

When actual
damage must
be proved.

(e) See *Eagle v. Charing Cross Ry. Co.*, L. R. 2 C. P. 638 ; 36 L. J. C. P. 297 ; *Moore v. Hall*, 3 Q. B. D. 178 ; 47 L. J. Q. B. 334. Where the wrongful act obstructs both ancient and modern lights, the damages recoverable extend to both old and new ; per Lord Esher, M.R., *London, Tilbury & S. Ry. & Trustees of Gower's Walk Schools*, 24 Q. B. D. at p. 330 ; 59 L. J. Q. B. 162.

(f) *Pennington v. Brinsop Hall Coal Co.*, 5 Ch. D. 769 ; 46 L. J. Ch. 773.

(g) *Hopwood v. Schofield*, 2 M. & Rob. 34 ; *Jesser v. Gifford*, 4 Burr. 2141 ; *Kidgill v. Moore*, 9 C. B. 364. See *Jackson v. Pesked*, 1 M. & S. 234 ; *Young v. Spencer*, 10 B. & C. 145 ; *Bell v. Midland Ry. Co.*, 10 C. B. N. S. 287 ; 30 L. J. C. P. 273 ; *Metropolitan Association v. Petch*, 5 C. B. N. S. 504 ; 27 L. J. C. P. 330 ; and *ante*, p. 450.

(h) *Vide ante*, p. 108.

(i) 9 Rep. 113, a. : *Wilkes v. Hungerford Market Co.*, 2 B. N. C. 281 ; *Rose v. Miles*, 4 M. & S. 101 ; *Greasley v. Codling*, 2 Bing. 263 ; *Winterbottom v. Earl of Derby*, L. R. 2 Ex. 316 ; 36 L. J. Ex. 194.

in obstructing the access to plaintiff's house, and consequent loss of trade, it was held not to be necessary to show the specific customers who were hindered (*k*). The injury to the plaintiff must, however, be direct and of a substantial character (*l*).

Right of
common.

In actions by the commoners against the lord, or anyone acting under the authority of the lord, for putting cattle upon the common, damage must be shown. He has a right to do so, leaving sufficient for the commoners, and the cause of action clearly does not arise till such damage is shown (*m*).

(*k*) *Rose v. Groves*, 5 M. & Gr. 613.

(*l*) *Benjamin v. Storr*, L. R. 9 C. P. 400; 53 L. J. C. P. 162.

(*m*) *Hobson v. Todd*, 4 T. R. 73; *per* Buller, J., 1 W. Saund. 346, b.; 1 Wms. Notes to Saund. 627.

CHAPTER XV.

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| <ol style="list-style-type: none"> 1. <i>Malicious Prosecution.</i> 2. <i>False Imprisonment and Assault.</i> 3. <i>Personal Injury caused by Negligence.</i> 4. <i>Actions against Sheriff.</i> 5. <i>Actions against Attorney.</i> | <ol style="list-style-type: none"> 6. <i>Actions against Witness.</i> 7. <i>Defamation.</i> 8. <i>Breach of Promise of Marriage.</i> 9. <i>Seduction.</i> 10. <i>Adultery.</i> |
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THE two previous chapters were taken up with those torts which consist in injuries to property of a tangible nature, such as goods or land. The present chapter will include injuries to the person, or to the relative rights which exist between the plaintiff and some third party. Breach of promise of marriage should technically have been ranged among other actions on contracts. Practically, however, it is always treated as a tort, and as it is not governed by the same principles as any other contract, no confusion is caused by considering it here.

1. In order to support an action for a malicious prosecution, or suit, it is necessary to show some damage resulting to the present plaintiff from the former proceeding against him. This may be either the damage to a man's fame, as if the matter he is accused of be scandalous, or where he has been put in danger to lose his life or limb, or liberty ; or damage to his property, as where he is obliged to expend money in necessary charges to acquit himself of the crime of which he is accused (*a*). And the damage must be one either already fallen upon the plaintiff, or else inevitable (*b*).

Action for malicious prosecution must show damage.

Accordingly where a declaration merely charged the preferring an indictment for an assault, and no evidence was given

(*a*) *Per* Holt, C.J., *Saville v. Roberts*, 1 Ld. Raym. 374.

(*b*) B. N. P. 13.

but the bill of indictment for the assault, with ignoramus returned thereon, the plaintiff was nonsuited; and Mansfield, C.J., said, "I feel a difficulty to understand how the plaintiff could recover in the present action, wherein he could recover no damages, because he clearly has not proved that he has sustained any. I can understand the ground upon which an action shall be maintained for an indictment which contains scandal; but this contains none, nor does any danger of imprisonment result from it; this bill was a mere piece of waste paper. All the cases in B. N. P. 13, are directly against this action, for the author speaks of putting the plaintiff to expense and affecting his good fame, neither of which could be done here. If this action could be maintained, every bill which the grand jury threw out would be the ground of an action" (c). And so in a case where the writ had been sued out against a party by mistake, and no arrest or imprisonment ever actually took place, but the party of his own accord paid the bailiff, and put in bail, nonsuit was ordered (d).

Liability to
extra costs
not a ground
of damage,

The liability to pay extra costs beyond those which can be recovered on taxation, is not a damage recognised in law; consequently where a declaration stated that defendant in the name of J. S., whom he knew to be insolvent, maliciously, &c., sued the plaintiff, in which action J. S. was nonsuited, and proceeded to allege that the now plaintiff was forced to pay costs which he was unable to recover from J. S., who was and is unable to pay the same; the Court held the declaration bad for want of an averment that the plaintiff had applied for costs, which might be the only reason he had not recovered them. Maule, J., said, "In order to make the non-payment of costs a legitimate subject of damage, it must be shown that they are such costs as properly follow the judgment of the Court in which the action was brought; but here it does not appear there were any such costs, for he was entitled to none unless he applied for them, and it does not appear he has applied" (e).

and cannot be
recovered.

For the same reason, where costs are taxed in the former

(c) *Byne v. Moore*, 5 Taunt. 187.

(d) *Bieten v. Burridge*, 3 Camp. 139.

(e) *Cottrell v. Jones*, 11 C. B. 713; *Cockburn v. Edwards*, 18 Ch. D. 49; 51 L. J. Ch. 46.

proceedings, no extra costs can be recovered as damages in this action (*f*).

Malice and want of probable cause must also be proved (*g*), Malice. and the amount of damages given by the jury will always be greatly influenced by the species of evidence afforded upon this point.

It was held in one case that a witness may, with a view to showing probable cause, be asked whether the plaintiff was not a man of notoriously bad character (*h*). But the contrary doctrine has been several times laid down. Where the action was for maliciously and without probable cause procuring the plaintiff to be arrested on a charge of felony, a witness was asked whether he had not searched the plaintiff's house upon a former occasion, and whether he was not a person of suspicious character. Wood, B., refused to allow the question. In actions for slander, he said, such evidence was admissible for the purpose of mitigating the damages, and not to bar the action, and that in this case such evidence would afford no proof of probable cause to justify the defendant (*i*). So where the action was trespass for false imprisonment on a charge of obtaining money under false pretences, a policeman was asked on cross-examination whether he had not had the plaintiff in custody before, and also what was her general character? Gurney, B., after consulting the rest of the Court refused to admit the evidence, even in mitigation of damages (*k*). And similarly where the declaration contained counts for slander, and for a malicious arrest and imprisonment, Abbott, C.J., refused to allow the plaintiff to give evidence of general good character, saying that if such evidence was to be admitted on the part of the plaintiff, then the defendant must be allowed to go

Evidence of probable cause.

(*f*) *Sinclair v. Eldred*, 4 Taunt. 7: *Grace v. Morgan*, 2 Bing. N. C. 534; overruling *Sandbach v. Thomas*, 1 St. 306: *Gould v. Barratt*, 2 M. & Rob. 171.

(*g*) *Farmer v. Darling*, 4 Burr. 1971: *Gibson v. Chaters*, 2 B. & P. 129; 1 Williams' Notes to Saunders, 274. The law is settled in England that the jury must find the facts on which the question of reasonable and probable cause depends, and the judge must then determine whether the facts found do constitute reasonable and probable cause. No definite rule can be laid down for the exercise of the judge's judgment: *Lister v. Perryman*, L. R. 4 H. L. 521; 39 L. J. Ex. 177. In Scotland the question is treated as an inference of fact for the jury. *Id.*, per Lord Colonsay.

(*h*) *Rodriguez v. Tadmore*, 2 Esp. 721.

(*i*) *Newsum v. Carr*, 2 St. 69.

(*k*) *Downing v. Butcher*, 2 M. & Rob. 374.

Evidence of character.

into evidence to prove that the plaintiff was a man of bad character (*l*). This was a particularly strong case, for the defendant had pleaded in justification, averring the charge of felony to be true. In a later case, where the action was for giving the plaintiff in charge, on the ground of his having stolen oysters from the defendant's bed, evidence was offered by the defendant of a previous conviction of a *third* party for the same offence. The defendant, however, was not aware of such conviction at the time he gave the plaintiff into custody. The Court decided that the evidence was properly rejected on that account. Pollock, C.B., in delivering the judgment of the Court, said, "The only ground on which the defendant could use any evidence for the purpose of showing that he was acting *bonâ fide*, was with reference to the impression that the conviction would make upon his own mind, and not as to the fact itself. It was for this purpose perfectly competent for the defendant to prove that he had been informed of the conviction, and to show all that had been laid before him on which he might form an opinion upon the subject. But in this case the conviction itself never had been laid before him; he was not present at the trial; it could never have produced any effect upon his mind. We are of opinion, therefore, that it was very properly rejected, although on the other ground which I have mentioned, it might undoubtedly have been received for the purpose of establishing, *bonâ fide*, a sincere opinion, on the part of the defendant, that the plaintiff had been guilty of felony" (*m*). Of course if the previous conviction had been of the plaintiff himself, the evidence would have been admissible *a fortiori*. This seems to bear strongly upon the points under discussion. There is no doubt a distinction between evidence of general bad character, and a previous conviction for exactly the same offence as that charged under a mistake. The latter fact probably affords a stronger presumption of guilt than the former. Yet if a person who has erroneously charged another with burglary, may show that he was in fact previously convicted of burglary, it is hard to see why he may not also show that he was well known as a thief and associate of burglars. Such evidence would certainly be a much stronger justification

(*l*) *Cornwall v. Richardson*, Ry. & M. 305.

(*m*) *Thomas v. Russell*, 23 L. J. Ex. 233; 9 Ex. 64.

of the charge, than it would be to show that a third party had previously committed a burglary in the defendant's house, and been convicted of it. It shows a fair reason for suspecting the plaintiff, whereas evidence, such as that in the case alluded to, merely shows ground for suspecting the world in general of a capacity for the particular crime; and a tendency to it.

Cases of this sort vary so much according to the nature of the charge preferred, or action brought, and according to the rank and motives of the parties, that the damages are always a mere matter of speculation. The talents of the counsel, the temper of the jury, and the view taken by the judge, have a greater influence upon their amount than any principles of law which can be laid down.

2. The damages in actions for assault or false imprisonment will also vary in the same manner, according to the circumstances of the case. The same remarks will also apply to the evidence which may be adduced in proof of probable cause. Where the action was for an arrest in Bristol, without reasonable and probable cause, it was held that the defendants, who were constables of Oxford, might show in mitigation of damages, that they had taken the plaintiff on suspicion of stealing a horse; but that as the arrest had been made out of their jurisdiction, they could not give the matter in evidence, under the general issue, as an entire defence by virtue of the stat. 25 Jac. I. c. 12 (n). A justification of a false imprisonment, on the ground that the defendant had reasonable and probable cause to suspect the plaintiff of being guilty of a felony, is very different in its effect upon the damages from an unsuccessful plea that the plaintiff was and is guilty of the felony. The former is in the nature of an apology for the defendant's conduct. The latter is a persistence in the original charge, which is in itself a ground for aggravation of damages. And it makes no difference that the plea was abandoned at trial, the defendant's counsel saying that the charge was ungrounded; and that the plea was the act of the pleader, and not of the defendant (o).

Assault and
false im-
prisonment.

(n) *Rowcliffe v. Murray*, Car. & M. 513.

(o) *Warwick v. Foulkes*, 12 M. & W. 507.

Mitigation of damages.

No evidence which if pleaded would be a bar, can be given in evidence in mitigation of damages. Accordingly, where the action was for an assault, and there was no plea of justification, but evidence was offered that the plaintiff was one of the crew on board the defendant's ship, and that the beating was in consequence of his misconduct; it was ruled that as these facts might have been pleaded in bar, the jury should not consider them in estimating damages for the injury inflicted (*p*).

Remand by magistrate.

Where the action is trespass for false imprisonment, damages cannot be given for a remand by the magistrate, which is a distinct judicial act proceeding from himself alone (*q*). The action should be in case, alleging malice and want of probable cause, or trespass against the magistrate (*r*).

Former recovery.

On the other hand, a recovery in an action for false imprisonment is no bar to another action for a malicious prosecution. They are altogether different causes of action. The taking a man up on a charge of felony is distinct from going before a grand jury, and falsely and maliciously taking an oath to get a bill found against him, and then going before a petty jury and trying to induce them to find him guilty. Consequently, in the action for false imprisonment, none of the circumstances connected with the subsequent prosecution can be proved, or allowed for in damages (*s*).

Joint actions, and actions against several.

Where the action is a joint one, by or against several, the rule used to be that only those circumstances which proved a joint injury to or from all could be compensated for. Therefore, where several plaintiffs sued, on account of a joint imprisonment, they might recover in respect of money which they paid jointly for their release, but not on account of the suffering caused by the imprisonment, for that was a separate injury to each (*t*). And so in the case of a joint trespass, the true measure of damage was the whole injury which the plaintiff had suffered from the joint act. But aggravated damages could not be given on account of the peculiar malice

(*p*) *Watson v. Christie*, 2 B. & P. 224.

(*q*) *Lock v. Ashton*, 12 Q. B. 871.

(*r*) *Morgan v. Hughes*, 2 T. R. 225, 231.

(*s*) *Guest v. Warren*, 9 Ex. 379.

(*t*) *Haythorn v. Lawson*, 3 C. & P. 196 : *Barratt v. Collins*, 10 Moo. 446.

of one. In such a case it was understood that the plaintiff ought to have elected the party against whom he meant to get aggravated damages (*u*).

But since the Judicature Acts the first part of this rule no longer exists, as it has been held in the Court of Appeal that persons who have been injured by the same tortious act, and who would formerly have had to bring separate actions, may now join in one action, and their damages ought to be severally assessed (*x*). Therefore, each petitioner in such an action can recover for his separate injury. It remains to be seen whether now that judgment is to be given against defendants according to their respective liabilities (*y*), and it is not necessary for every defendant to be interested as to all the relief prayed for (*z*), a petitioner will not be allowed to recover aggravated damages against those defendants who were party to the joint act who were actuated by peculiar malice.

Practice
under the
Judicature
Acts.

It may be as well to remark that every action against a justice of the peace, for anything done by him in the execution of his duty as such justice, and within his jurisdiction, must allege the act to have been done maliciously and without probable cause (*a*). Where he has no jurisdiction, or exceeds his jurisdiction, he may still be sued in trespass, subject to certain provisions as to quashing the conviction (*b*). And in no case is the plaintiff to have more than twopence damages, where it appears that he was guilty of the offence of which he was convicted, or liable by law to pay the money ordered to be paid, and that he has undergone no greater punishment than that assigned by law to the offence of which he was convicted, or for non-payment of the money ordered (*c*).

Justices of
peace.

3. Very little can be said with certainty as to damages for personal injuries inflicted by negligence. Loss of time during the cure, and expense incurred in respect of it, are of course matters of easy calculation. Pain and suffering undergone by

Personal
injury caused
by negligence.

(*u*) *Clark v. Newsum*, 1 Ex. 131, 139; and see *Gregory v. Cuttrel*, 22 L. J. Q. B. 217.

(*x*) *Booth v. Briscoe*, 2 Q. B. D. 496.

(*y*) Ord. 16, Rule 4.

(*z*) Ord. 16, Rule 5.

(*a*) 11 & 12 Vict. c. 44, s. 1.

(*b*) S. 2.

(*c*) S. 13.

Compensation
for personal
injury.

the plaintiff are also a ground of damage (*d*). And in this point such an action differs from one brought by the personal representatives, where a death has ensued (*e*). Any permanent injury, especially when it causes a disability from future exertion, and consequent pecuniary loss, is also a ground of damage. This is one of the cases in which damages most signally fail to be a real compensation for the loss sustained. In one case Parke, B., said, "It would be most unjust if, whenever an accident occurs, juries were to visit the unfortunate cause of it with the utmost amount which they think an equivalent for the mischief done. Scarcely any sum could compensate a labouring man for the loss of a limb, yet you do not in such a case give him enough to maintain him for life" (*f*).

The whole of this subject was much discussed in the case of *Phillips v. London & South-Western Railway Co.* (*g*). In that case the plaintiff was a surgeon of middle age, and previously robust health, making a professional income of between 6,000*l.* and 7,000*l.* per annum. The injury complained of had rendered his condition helpless and hopeless. It was likely that he would never recover, and certain that he could never resume his practice. Mr. Justice Field in charging the jury divided the claim for damages into the heads of compensation for personal suffering and injury, and for loss of future income. As regards the first head, he referred to the opinions of Parke, B., and Brett, J., cited above, and said: "Perfect compensation is hardly possible, and would be unjust. You cannot put the plaintiff back again into his original position, but you must bring your reasonable common sense to bear, and you must always recollect that this is the only occasion on which compensation can be given. Dr. Phillips can never sue again for it. You have, therefore, now to give him compensation, once for all. He has done no wrong; he has suffered a wrong at the hands of the defendants, and you must take care to give

(*d*) 18 Q. B. 111.

(*e*) See *post*, c. xvii.

(*f*) *Armsworth v. S. E. Ry. Co.*, 11 Jur. 760; cited 18 Q. B. 104. See, too, *per* Brett, J., *Rowley v. London & N. W. Ry. Co.*, L. R. 8 Ex. 221; 42 L. J. Ex. 153.

(*g*) 4 Q. B. D. 406; 48 L. J. Q. B. 693; affirmed, 5 Q. B. D. 78; 49 L. J. Q. B. 233.

him full, fair compensation for that which he has suffered ;" to the sum so arrived at, all costs of medical attendance, journeys, &c., arising from the accident, would necessarily be added.

As regards the second head, the learned judge said : " You are not to give the value of an annuity of the same amount as the plaintiff's average income for the rest of the plaintiff's life. If you gave that you would be disregarding some of the contingencies. An accident might have taken the plaintiff off within a year. He might have lived, on the other hand, for the next twenty years, and yet many things might have happened to prevent his continuing his practice."

Compensation
for loss of
income.

It was suggested that the fact that the plaintiff had a secured income of 3,500*l.* *per annum* was a legitimate consideration upon which the jury might act in reducing the damages. The judge told the jury he could not remove that fact from their view, though he stated his opinion that it ought not to affect the amount which he was entitled to receive as compensation, either for personal injury or for loss of income.

The jury gave a verdict of 7,000*l.*, and a new trial was ordered on the ground that the damages were insufficient, since the jury must have omitted some of the elements of damage from their calculation. The summing up of Mr. Justice Field was adopted in both Courts as a fair statement of the law. It was suggested by Lord Justice James, that the plaintiff's secured income might have a bearing on both heads of damage ; as regards future income, because it might be an inducement to him to retire earlier from practice, and also as regards the personal injury (h) : I suppose because a rich man who is disabled from future exertion is not left absolutely destitute, and is able to provide himself with alleviating comforts. It is difficult, however, to answer Mr. Justice Field's objection, that if the plaintiff's wealth were to be taken into consideration for this purpose, it would be making him pay out of his own pocket for the consequence of the defendants' wrong-doing.

No deduction can be made from the amount payable to the plaintiff on the ground that he had insured his life against accident, and had recovered from the insurance office full

No deduction
in respect of
insurance.

(h) See 5 Q. B. D. at pp. 84, 87.

compensation for the injury. If such a deduction were allowed, the obvious result would be, that the wrong-doer would have received the full benefit of the insurance, without paying any of the *præmia*. In fact that the injured person would be worse off, to the full extent of the *præmia* and interest upon them, than if he had never insured his life at all (i).

Employers'
Liability Act.

Under the Employers' Liability Act, 1880, a right to recover damages from his employer has been given to a workman in certain cases where the former has not been personally guilty of negligence, but the injury has resulted from defects in the works or plant or from the negligence of superintendents. In these cases the damages are limited to the estimated earnings during the three years preceding the injury of a person in the same grade in the like employment and district (j).

Actions
against the
sheriff.

4. Actions against the sheriff are either by the creditor, for some neglect of duty which deprives him of his proper remedy against his debtor; or by the debtor, or supposed debtor, or his representatives, for some unlawful exercise of authority against him.

I. Actions by the creditor against the sheriff.

Replevin.

One of the most common of these arose before the passing of 19 & 20 Vict. c. 108, out of the action of replevin. Stat. 11 Geo. II. c. 19, s. 23, enacted that sheriffs and other officers granting replevins should take from the plaintiff, and two responsible persons as sureties, a bond in double the value of the goods distrained, conditioned for prosecuting the suit with effect, and without delay, and for a return of the goods. By sect. 22, if the plaintiff in replevin should discontinue, be nonsuited, or have judgment against him, the defendant should recover double costs. Stat. 5 & 6 Vict. c. 97, s. 2, enacted that, instead of double costs, the defendant should have such full and reasonable indemnity as to all costs, charges, and expenses incurred in and about the suit, as should be taxed by the proper officer.

Stat. 19 & 20
Vict. c. 108.

By 19 & 20 Vict. c. 108, ss. 63, seq., the powers and responsibilities of sheriffs with respect to replevin bonds and

(i) *Bradburn v. G. W. Ry. Co.*, L. R. 10 Ex. 1; 44 L. J. Ex. 9. It is otherwise when action is brought under Lord Campbell's Act. See *post*, c. xvii.

(j) 43 & 44 Vict. c. 42, s. 3. Penalties recovered under special Acts of Parliament must be deducted from the compensation awarded in the action.

replevins were put an end to ; and the registrar of the county court of the district in which the distress subject to replevin is taken, is empowered to approve replevin bonds and grant replevins, and issue all necessary process. The goods are to be replevied to their owner on his giving security, to be approved by the registrar, for an amount sufficient to cover the rent or damage and probable costs of the cause, conditioned to prosecute the action with effect and make return of the goods. The security is to be a bond with sureties to the other party, or a deposit in money. The registrar is bound to use proper discretion in approving replevin bonds (*k*), and it would seem, that if he is guilty of negligence an action will lie against him at the suit of the party damnified (*l*). In such case the principles acted upon in actions against the sheriff will apply.

If the sheriff failed to take a bond, or took one with insufficient sureties, an action upon the case lay against him, and in such an action he was liable to the same extent as the sureties would have been, had he done his duty (*m*). The question then was, to what extent were the sureties liable ?

The extreme limit of liability was, in all cases, the penalty of the bond, and the costs of suing upon it (*n*). Within this limit, however, the liability might vary ; and for a long time there was great doubt as to the rule by which the variation was to be regulated. It is obvious that the rent distrained for might either be greater or less than the value of the goods distrained. Accordingly, where it was greater, the struggle on the part of the plaintiff was to extend the damages to the whole amount due ; where it was less, to the whole value of the goods. On the other hand, the sheriff tried to limit his liability in all cases to the value of the goods, and to escape all claim for costs. The latter attempt, which was sanctioned by the Court, in *Yea v. Lethbridge* (*o*), was decided against in *Paul v. Goodluck* (*p*). The former point, however, was still

Extent of
liability upon
replevin bond.

(*k*) *Young v. Brompton, &c., Waterworks Co.*, 1 B. & S. 675 ; 31 L. J. Q. B. 14.

(*l*) 2 Ch. Arch. Pr. 1104, 12th ed.

(*m*) *Evans v. Brander*, 2 H. Bl. 550 ; *Baker v. Garratt*, 3 Bing. 56, 59 ; *Paul v. Goodluck*, 2 B. N. C. 220.

(*n*) *Hefford v. Alger*, 1 Taunt. 218 ; *Jeffery v. Bastard*, 4 Ad. & Ell. 829 ; per Littledale, J., *Evans v. Brander*, 2 H. Bl. 547 ; overruling *Concanon v. Lethbridge*, 2 H. Bl. 36.

(*o*) 4 T. R. 433.

(*p*) 2 Bing. N. C. 220.

left open. It was, however, afterwards settled, that the object of the statute was only to place the parties in the same position as if no replevin bond had been executed. At Common Law the landlord had only his remedy against the person who brought the action of replevin. The replevin bond gave him the additional security of the sureties, and the double costs. That was the whole effect the Act could have had. Consequently, if the rent was less than the value of the goods, the object of the statute was satisfied by giving the amount of the rent and the costs; otherwise the landlord would have been getting more than the rent due. If the amount of the rent exceeded the goods, then the landlord was entitled to the value of the goods, with the costs, as before; otherwise his remedy against the sureties would have been greater than it had been against the tenant (*q*). In the former of the cases cited below, *Patteson, J.*, pointed out that some of the authorities relied on as opposing this view, really were not against it, as they did not state which, the rent or the goods, were greater in value. For instance, in *Ward v. Henley* (*r*), where it was held that the rent in arrear and costs was the measure of damages against the sureties, it does not appear that the rent was not less than the distress. And in *Scott v. Wailhman* (*s*), where *Abbott, C.J.*, said, "As the verdict in the replevin suit was merely for a return of the goods, the jury could not in their verdict exceed the value of the goods," it does not appear whether the goods were greater or less in value than the rent.

In no case could either sureties or sheriff be liable for rent which accrued after the distress (*t*).

The rules thus settled equally applied where the action was against the sheriff for not having taken a bond at all, or an invalid one, or one with insufficient sureties. In such a case the rent due, and the expenses of the distress, were held to be a proper amount of damages (*u*). In that case it would appear, that the value of the goods was greater than the amount of the rent; and that no proceedings in replevin had been carried on, so as to raise a claim for costs. The costs of proceedings

Damages
against
sheriff.

(*q*) *Hunt v. Round*, 2 Dowl. 558 : *Miers v. Lockwood*, 9 Dowl. 975.

(*r*) 1 Y. & J. 285.

(*s*) 3 Stark. 168.

(*t*) *Ward v. Henley*, 1 Y. & J. 285.

(*u*) *Edmonds v. Challis*, 7 C. B. 413.

against the sureties might be recovered against the sheriff in this form of action, even though no notice of the intention to proceed against them had been given him; provided such costs did not, together with other claims, exceed the penalty (*x*). In *Baker v. Garratt*, the Court seemed to think, that if due notice of the intention to sue had been given, such costs might be recoverable, even beyond the penalty; because the sheriff might have prevented the expense by paying all he was liable to pay under the sureties' bond. They distinguished such a case of expenses, wholly incurred through his default, from that of costs of replevin suit, for which he was not liable to a greater amount than the penalty (*y*); because the legislature presumed that these would be covered by double the value of the goods, and the amount so incurred was not within his control.

On the same principle, where the sheriff has lost the replevin bond, he was liable in an action on the case at the suit of the defendant in replevin, to the amount of damage to which the sureties would have been liable, or to the amount of the penalty of the bond, whichever was less (*z*).

When bond is lost.

The principle that where the sheriff has been in fault, the plaintiff is entitled to be placed in the same position by means of damages, as if the defendant had done his duty, is maintained in numerous other cases; for instance, in actions for delay in executing a writ of arrest (*a*); in selling under a fi. fa. (*b*); in returning the writ (*c*); for a false return (*d*); for not levying (*e*). In all these the damages are measured not by the amount of the debt, but by the amount which could or would have been recovered, if the breach of duty had not taken place (*f*). And if the sheriff return *nulla bona* to a writ of

Damages for breach of other duties.

(*x*) *Baker v. Garratt*, 3 Bing. 56 : *Plumer v. Brisco*, 11 Q. B. 46.

(*y*) *Evans v. Brander*, 2 H. Bl. 547.

(*z*) *Perrean v. Bevan*, 5 B. & C. 284.

(*a*) *Clifton v. Hooper*, 6 Q. B. 468.

(*b*) *Airton v. Davis*, 9 Bing. 740 : *Bales v. Wingfield*, 4 Q. B. 580, n.

(*c*) *R. v. Sheriff of Essex*, 1 M. & W. 720.

(*d*) *Crowder v. Long*, 8 B. & C. 598 : *Heenan v. Evans*, 3 M. & Gr. 398.

(*e*) *Augustien v. Challis*, 1 Ex. 279 : *Mullet v. Challis*, 16 Q. B. 239.

(*f*) And all the probabilities of the case must be looked at, as for example, whether or not, if the execution had been levied, the plaintiff would have got any benefit from it, the other creditors of the execution debtor having been in a position to make him bankrupt: *Hobson v. Thellusson*, 8 B. & S. 476; L. R. 2 Q. B. 642; 36 L. J. Q. B. 302.

fi. fa., and the creditor knows of goods belonging to his debtor, he need not sue forth a second writ of fi. fa., but may, in an action for a false return, recover the value of the goods which the sheriff ought to have taken (g).

When it is necessary to prove actual damages.

There is a difference to be observed in these actions, viz., that in those, the whole gist of which is pecuniary damage, some such damage must be proved, or the action will fail. But in others, there is an injury to a right, even independent of actual loss; and the fact of loss being negatived, merely makes the damages nominal. Thus in an action for a false return (h); for not arresting on mesne process (i); or for permitting a debtor arrested on mesne process to escape (j); it has been held that proof of absence of loss entitled the defendant to a verdict (k). In all these cases, the truth of the return, or the detention of the debtor, was only of importance to the plaintiff as contributing to some ulterior result. If no such result could have been produced, or has been affected by it, there was no ground of action. But the case of an escape on final process was different. The creditor, it is said, when he was ascertained to be such by a judgment, and had charged the debtor, had a right to the body of his debtor every hour till the debt was paid (l). This was itself the end, not the means. Consequently, a right of action for nominal damages arose on any escape, for however short a time, even though no pecuniary damage arose (m); or on any delay in making the arrest (n). It would appear in all cases in which damage is necessary to maintain the action, that proof of the breach of duty will lay upon the defendant the onus of showing that no damage

Onus of proving damage.

(g) *Per Cur. Arden v. Goodacre*, 11 C. B. at p. 377; 20 L. J. C. P. 184. *Primâ facie*, the measure of damage is the value of the goods which might have been and were not levied: *Hobson v. Thellusson*, *supra*.

(h) *Wyllie v. Birch*, 4 Q. B. 566; *Lery v. Hale*, 29 L. J. C. P. 127; *Stimson v. Farnham*, L. R. 7 Q. B. 175; 41 L. J. Q. B. 52.

(i) *Curling v. Evans*, 2 M. & G. 349.

(j) *Williams v. Mostyn*, 4 M. & W. 145; *Lewis v. Morland*, 2 B. & A. 56-64; *Planck v. Anderson*, 5 T. R. 37; overruling *Barker v. Green*, 2 Bing. 317.

(k) So where the action was against the sheriff for selling the reversionary interest of the plaintiff in goods in the possession of an execution debtor: *Tancred v. Allgood*, 4 H. & N. 438; 28 L. J. Ex. 362. See, also, *Lancashire Waggon Co. v. FitzHugh*, 6 H. & N. 502; 30 L. J. Ex. 231.

(l) *Per Buller, J.*, *Planck v. Anderson*, 5 T. R. 40.

(m) *Williams v. Mostyn*, 4 M. & W. 153.

(n) *Clifton v. Hooper*, 6 Q. B. 468.

ensued ; but to entitle plaintiff to substantial damage, specific evidence of loss must be given (*o*). For instance, in an action against the sheriff under 8 Anne, c. 14, s. 1, for removing goods taken in execution without paying the landlord a year's rent, the measure of damages is *prima facie* the amount of rent due, but the sheriff may prove in mitigation of damages that the value of the goods removed was less than the amount (*p*).

Cases of actions for escape after arrest on mesne process, or neglect to execute such arrest, became of rare occurrence after arrest on mesne process was almost done away with by 1 & 2 Vict. c. 110, s. 3. It is now abolished by the Debtors Act, 1869, 32 & 33 Vict. c. 62, s. 6. But analogous actions may still arise, for it would seem that an action will lie against the sheriff for disobeying an order for arrest made by a judge under this last Act (*q*). Such orders may be made under certain circumstances before final judgment where the defendant is about to quit England, the arrest being for a period not exceeding six months, terminable on the defendant's giving security, in ordinary actions, that he will not go out of England without the leave of the Court, in penal actions, that the sum recovered in the action shall be paid or the defendant rendered to prison (*r*). Arrest on final process is also abolished, except in a few specified cases ; and if those excepted cases still give rise to actions for not arresting or for escape, the calculation of damages will be complicated by the consideration that the imprisonment could in no case be for a longer period than a year (*s*). Under s. 5, in some cases judgment debtors may be committed to prison for periods not exceeding six weeks or until payment of the sum due. It will be difficult for a jury to estimate satisfactorily in such cases the value of the custody of the debtor.

Arrest on
mesne process.

Arrest on
final process.

Formerly by statute Westminster 2 (*t*), and 1 Rich. II. c. 12, an action of debt could be maintained against the sheriff upon an escape, to recover the sum for which the debtor had

Actions for
escape.

(*o*) *Bales v. Wingfield*, 4 Q. B. 580, n. : *Wylie v. Birch*, 4 Q. B. 566, 578 : *Scott v. Henley*, 1 M. & Rob. 227.

(*p*) *Thomas v. Mirchouse*, 19 Q. B. D. 563 ; 56 L. J. Q. B. 653.

(*q*) See Roscoe's *Nisi Prius*, 1246, 16th ed.

(*r*) 32 & 33 Vict. c. 62, s. 5. The judge's orders are carried into effect by the sheriff ; O. 69, R. 1.

(*s*) S. 4.

(*t*) 13 Ed. I. c. 11.

Must be in
case.

Measure of
damages.

been charged in execution, and upon this action the creditor could not recover less than the whole sum due, and the costs of the execution (u). This action, however, has been taken away by 5 & 6 Vict. c. 98, s. 81, and the creditor is left to his old remedy at common law by action on the case for damages. In a modern case the law as to the assessment of damage was laid down by the Court of Common Pleas as follows: "The true measure of damage is the value of the custody of the debtor at the time of the escape, and no deduction ought to be made on account of anything which the plaintiff might have obtained by diligence after the escape. If the execution debtor had not the means of satisfying the judgment at the moment of the escape, the plaintiff will have lost only the security of the debtor's body, and the damages may be small. If the execution debtor had the means of satisfying the judgment at the moment of the escape, and has wasted those means since the escape, it is plain that the plaintiff has lost the chance of obtaining satisfaction of his judgment through the sheriff's neglect, and the jury would be justified in giving the full amount of the execution. Where the execution debtor has the means of paying the debt at the moment of the escape, and still continues notoriously in solvent circumstances, the value of the custody would be the amount of the debt, and the plaintiff would be entitled to recover substantial damages. If the laches of the plaintiff could be used to mitigate the damages against the sheriff, the plaintiff would be compelled, in every case, to issue a fresh writ, and incur expense to relieve himself to some extent from the consequence of the sheriff's negligence; but if such were the plaintiff's duty, we should find some trace of the sheriff's liability to repay such expenses where the debtor was not recaptured upon the second writ, and the plaintiff's exertions were unavailing to realise the amount of his judgment. There may, however, be circumstances under which the plaintiff's conduct would materially affect the damages. For instance, if he has done anything to aggravate the loss occasioned by the sheriff's neglect, or has prevented the sheriff from retaking the debtor" (x).

(u) *Bonafous v. Walker*, 2 T. R. 156; *Hawkins v. Plomer*, 2 Bl. 1048.

(x) *Arden v. Goodacre*, 11 C. B. 371; 20 L. J. C. P. 184. So *Moore v. Moore*, 25 Beav. 8; 27 L. J. Ch. 385; *Hemming v. Hale*, 7 C. B. N. S.

Of course an action will lie by the creditor against the sheriff to recover the money levied by him under an execution, and the damages will be the whole amount so levied. But where the action has been commenced without a demand of the sum, the Court will stay proceedings upon payment of the amount *without costs* (y).

Action for
amount
levied.

II. Actions against the sheriff by the debtor or his representatives are generally for a seizure of his goods or person under illegal circumstances, or for an improper treatment of the property so taken. So far as these actions differ from similar proceedings against any other wrong-doer, they have been treated of in a previous chapter (z).

Actions by
the debtor.

Another species of wrong, viz., extortion by exacting too large fees, has been provided for by statute; 29 Eliz. c. 4, s. 1, enacts, that if the sheriff or his officers extort more than the poundage fees allowed by that Act, they shall lose and forfeit to the party grieved his treble damages. This means three times the full amount found by the jury (a). This statute is not repealed by 1 Vict. c. 55, which permits the sheriff to take certain additional fees, if previously sanctioned by the judges, and makes the officer exacting more punishable as for a contempt. The effect of the latter Act is to exempt the taking of the fees allowed by the judges under it from the operation of the penal clause in the statute of Eliz., leaving that statute in other respects in full operation. Consequently all that is taken by the sheriff or his officer beyond what is warranted by the exemption given by the statute of Vict. is, if it amounts to more than the poundage, an excess under the statute of Eliz., and renders the officer taking such excess liable to an action for the penalty given by that statute (b).

Extortion.

The declaration should show how much was taken lawfully, and how much unlawfully, stating the excess on each fee (c).

Form of
declaration.

487; 29 L. J. C. P. 137. Not only the debtor's own resources are to be considered, but all reasonable probabilities, founded on his position in life, that the debt would have been discharged: *Macrae v. Clark*, L. R. 1 C. P. 403; 35 L. J. C. P. 247.

(y) *Jefferies v. Sheppard*, 3 B. & A. 696.

(z) *Ante*, p. 434.

(a) *Buckle v. Bewes*, 4 B. & C. 154.

(b) *Per Cur.*, *Wrightup v. Greenacre*, 10 Q. B. 1: *Pilkington v. Cowke*, 16 M. & W. 615.

(c) *Usher v. Walters*, 4 Q. B. 553: *Berton v. Lawrence*, 5 Ex. 816.

But where the illegality consists in exacting poundage where no levy at all was made, it is not necessary to negative all the acts which would have constituted a levy (*d*).

Only taxed costs recoverable.

Where the misconduct of the sheriff has forced the party injured to take legal proceedings, only the taxed costs of such proceedings can be recovered back from him, and not the extra costs paid to the plaintiff's attorney (*e*).

Actions against attorneys for negligence.

5. Damages in actions against attorneys for neglect of their duty are governed by exactly the same principles as those laid down in the case of sheriffs. The plaintiff is entitled to be placed in the same position as if the attorney had done his duty. But he is entitled to no more. Therefore where no diligence could have been effectual, as where the client had no ground of action or defence, the attorney cannot be liable for negligence, unless it has caused loss independent of the necessary result of the suit, or other proceeding (*f*). It lies upon the defendant, however, to establish this defence affirmatively, and the fact that the plaintiff has suffered no actual injury is no bar to the action, if otherwise maintainable. He is still entitled to nominal damages (*g*). The amount of damages is a question for the jury (*h*), and depends upon the amount of loss which the plaintiff has suffered (*i*), or is likely to suffer from the act, taking all the circumstances of the case into consideration. The latter part is clear from the case of *Howell v. Young* (*k*), which decides that the Statute of Limitations runs from the act of negligence, not from the time that an injury accrues; such injury is merely consequential damage, not a fresh cause of action: the damages then in the original action must cover all

(*d*) *Holmes v. Sparkes*, 12 C. B. 242.

(*e*) *Jenkins v. Biddulph*, 4 Bing. 160.

(*f*) *Lee v. Ayrton*, 1 Peake, 161: *Aitchison v. Madock*, 1 Pea. 218: *Harrington v. Binns*, 3 F. & F. 942.

(*g*) *Godefroy v. Jay*, 7 Bing. 413. So where the attorney compromises a suit against the express instructions of his client, though the compromise be for the client's benefit, at least nominal damages may be recovered by the client in an action against the attorney: *Fray v. Voules*, 1 E. & E. 839; 28 L. J. Q. B. 232. And see *Butler v. Knight*, L. R. 2 Ex. 109; 36 L. J. Ex. 66: *Cockburn v. Edwards*, 16 Ch. D. 393; 18 Ch. D. 449; 50 L. J. Ch. 181; 51 L. J. Ch. 46.

(*h*) *Russell v. Palmer*, 2 Wills. 325: *Pitt v. Yalden*, 4 Burr. 2061.

(*i*) *Stannard v. Ullithorne*, 10 Bing. 491: *Godefroy v. Jay*, 7 Bing. 413: *Burdon v. Webb*, 2 Esp. 527: *re Dangar's trusts*, 41 Ch. D. 178: 58 L. J. Ch. 315: *Blyth v. Fladgate*, [1891] 1 Ch. 337; 60 L. J. Ch. 66.

(*k*) 5 B. & C. 259, 266.

the loss that can ever arise, because no such loss can afterwards be compensated. Where the action was for negligence in not procuring the release of the plaintiff, an imprisoned debtor, under 48 Geo. II. c. 123, by reason of which he was detained in prison from the 11th of January till the 19th of March, when he was discharged by consent of the detaining creditor; the jury were told that in estimating the damages they might take into consideration that, as the plaintiff was finally released by consent, he gained the advantage of having his goods no longer liable, which they would have been if he had been discharged by the Court, as he had himself desired (*l*). With submission, however, it may be doubted whether the latter circumstance could be fairly taken into consideration. If it had been a necessary result of the defendant's delay that a prolonged period of imprisonment should be followed by an absolute discharge from all liability, then, in estimating the damages due for such negligence, all its consequences would, of course, be properly included. But in this case, the final release by consent was in no way a result of the defendant's act. If some friend, compassionating the plaintiff on account of his continued imprisonment, had paid off the debt, surely this could not have been considered in assessing the damages. Yet it might have been equally argued, that if the plaintiff had got out at the time and on the terms which he had wished, the sympathies of his friend would never have been excited in his favour.

Where, in consequence of the attorney's negligence in not attending himself with the witnesses, the plaintiff's counsel is obliged to withdraw the record, the attorney is, of course, liable to the expenses so incurred (*m*). And where a larger sum was given as damages, the Court considered them excessive, and ordered them to be reduced, or a new trial granted (*n*).

Where record is withdrawn.

Where, however, the attorney is acting for the defendant in a cause, and through his negligence it is taken as undefended, and a verdict goes against his client in consequence, the jury may of course give as damages the whole value of the subject-matter of action (*o*). In such a case the Court, in one instance,

When cause is taken as undefended.

(*l*) *Shilcock v. Paseman*, 7 C. & P. 280—293.

(*m*) See as to these, *post*, p. 486.

(*n*) *Hawkins v. Harwood*, 4 Ex. 503.

(*o*) *Hoby v. Buell*, 3 B. & Ad. 350.

granted a new trial, and ordered the defendant's attorney to pay all costs out of his own pocket as between attorney and client (*p*). But in similar cases the Court have since refused the indulgence (*q*). Still in cases of very great importance, as for instance relating to land, where the interests of others would be bound by the verdict, the Court would probably even now grant a new trial on such terms (*r*). If such an arrangement had been made, it would seem that the damages ought to be nominal, or at least should only extend to the actual loss suffered by delay, if any.

6. Actions against witnesses.

Where a witness, who has received a proper *subpœna* (*s*), and who has had his expenses tendered, fails to attend at the trial, the party summoning him has his choice of proceeding against him by attachment, or by action on the case, or he may sue for the penalty given by 5 Eliz. c. 9, s. 12. With the former course we have nothing to do. The two latter require a few words.

Procedure in
case of
absence of
witness.

The proper course for a party to take when an important witness is absent, is to withdraw the record if he be the plaintiff (*t*), or apply for a postponement of the trial if he be the defendant. This leaves him his remedy against the witness, for it is now settled that in order to maintain an action against the latter for non-attendance, it is not necessary that the cause should have been called on, or the jury sworn (*u*). It also saves him all risk which might result from a trial on imperfect evidence. Consequently, any additional expense or loss caused by going to trial will be his own fault, and not the necessary result of the witness's absence.

Damages in
an action are
the costs of
withdrawing
the record.

The damages in an action by the original plaintiff, who was forced to withdraw the record, consist of the expense he was put to in so doing, viz., the costs he incurred by going down

(*p*) *De Rouffigny v. Peale*, 3 Taunt. 484.

(*q*) *Gwilt v. Crawley*, 8 Bing. 144 : *Watson v. Reece*, 5 B. N. C. 112 : *Nash v. Swinburn*, 4 Sco. N. R. 326.

(*r*) *Swinerton v. Marquis of Stafford*, 3 Taunt. 91 : *Lowden v. Hierons*, 2 Moore, 102.

(*s*) A *subpœna* is not necessary if there has been a contract to give evidence : *Yeatman v. Dempsey*, 7 C. B. N. S. 628 : 29 L. J. C. P. 177 : and the ordinary rules as to damages for breach of contract will apply. See *Crewe v. Field*, 12 Times L. R. 405.

(*t*) Leave is required for this now. Ord. 26, R. 1.

(*u*) *Mullett v. Hunt*, 1 C. & M. 752 : *Lamont v. Crook*, 6 M. & W. 615.

to a fruitless trial, and the costs he became liable to pay the opposite party in consequence of the withdrawal of the record (*v*). The damages would be just the same where the witness was the defendant's, because he may obtain the postponement of the trial, upon paying the costs which the opposite party has been put to in preparing for trial, which are the same as the costs of withdrawing the record (*w*).

This action cannot be supported without evidence of some damage resulting from the defendant's neglect (*x*). Such damage cannot, however, be negatived merely by showing that the plaintiff had no good cause of action. The defendant's evidence might have entitled him to succeed in some particular issues, and the loss of costs upon these is a sufficient injury, though he could not have succeeded upon the whole record (*y*).

Plaintiff must prove damage.

Statute 5 Eliz. c. 9, s. 12, enacts that a witness making default after due process served, and tender of expenses, shall forfeit 10*l.*, and yield such further recompense to the party grieved, as by the discretion of the Judge of the Court out of which the said process issues, shall be awarded, according to the loss and hindrance that the party shall sustain by reason of his non-appearance. These damages must be assessed by the Court at Westminster, and not by a jury, or Judge at Nisi Prius, and an action will lie on the assessment (*z*).

Action for penalty.

An action will not lie against a witness for false and defamatory statements concerning the plaintiff made in the due course of a judicial proceeding, though they be made maliciously and without reasonable and probable cause, and have caused damage to the plaintiff (*a*).

No action for defamation.

(*v*) *Needham v. Fraser*, 1 C. B. 815.

(*w*) *Brown v. Murray*, 4 D. & R. 830 : *Attorney-General v. Hull*, 2 Dowl. P. C. 111 : *Walker v. Lane*, 3 Dowl. P. C. 504.

(*x*) *Crewe v. Field*, 12 Times L. R. 405.

(*y*) *Couling v. Cox*, 6 C. B. 703, 719. To justify substantial damages it is not necessary to show that the witness's testimony would to a certainty have ensured a successful result ; a probability of success is sufficient : *Yeatman v. Dempsey*, 7 C. B. N. S. 628 ; 29 L. J. C. P. 177 ; affirmed, 9 C. B. N. S. 881.

(*z*) *Pearson v. Iles*, 2 Dougl. 561.

(*a*) *Revis v. Smith*, 25 L. J. C. P. 195 ; 18 C. B. 126 : *Seaman v. Netherclift*, 2 C. P. D. 53 ; 46 L. J. C. P. 128 ; and see *per* Erle, C.J., *Barber v. Lesiter*, 29 L. J. C. P. 165 ; 7 C. B. N. S. at p. 188.

7. Defamation.

Damages in this action are so entirely at the discretion of the jury that no rule as to their amount can be laid down. Some principles, however, may be stated as to the nature of the evidence which may be used, and the object to which it may be applied.

Evidence of
malice ;

One of the principal elements in estimating the damages is the malice of the defendant, and much difficulty often arises with regard to evidence of subsequent words or writings adduced in proof of this.

other slander.

It has been long established that other words or writings, not the subject of the present action, might be given in evidence to explain either the meaning or motive of the defamatory matter on which the action was founded (*b*). And that whether the publications, &c., offered in evidence were before those complained of (*c*), or after issue joined in the action (*d*) ; and even though the writing or publication is itself the subject of a distinct count in the same action (*e*). But it has been held that such evidence must be in some way connected with the libel in question (*f*). It may be doubted, however, whether this distinction is a very reasonable one. If the object of the evidence is to prove malice by showing the feelings with which the defendant was actuated towards the plaintiff, this would be proved much more strongly by showing that he had seized a dozen opportunities of maligning him on different subjects, than that he had a dozen times repeated the original libel. Formerly it was thought that no such evidence could be received when the words, &c., so offered were themselves actionable (*g*). But this distinction was early denied by Lords Kenyon and Ellenborough (*h*), and has been finally overthrown (*i*). So too it was once laid down that such evidence was only admissible

(*b*) *Simpson v. Robinson*, 12 Q. B. 511 : *Plunkett v. Cobbett*, 5 Esp. 136 : *Camfield v. Bird*, 3 C. & K. 56.

(*c*) *Barrett v. Long*, 3 H. L. Ca. 395.

(*d*) *Macleod v. Wakley*, 3 C. & P. 311. If there has been a considerable interval, the jury should be directed to consider whether the subsequent expressions might not have referred to something which had happened after the libel : *Hemmings v. Gasson*, E. B. & E. 346 ; 27 L. J. Q. B. 252.

(*e*) *Delegall v. Hingley*, 8 C. & P. 444.

(*f*) *Finnerty v. Tipper*, 2 Camp. 72.

(*g*) *Mead v. Daubigny*, Peake, 125 : *Cook v. Field*, 3 Esp. 133 : *Defries v. Davis*, 7 C. & P. 113.

(*h*) *Lee v. Huson*, Peake, 166 : *Rustell v. Macquister*, 1 Camp. 49, n.

(*i*) *Pearson v. Lemaitre*, 5 M. & Gr. 700.

where the language complained of was ambiguous; but where it was clear and undisputed, it was not so (*j*). But this distinction, though quite just, if the only object of the evidence were to explain the meaning of the libel, obviously fails when the evidence is adduced to show the motives with which it was published. These may be quite independent of the meaning of the libel, of which there may be no doubt. Accordingly, this distinction too has been overruled by *Pearson v. Lemaitre*, where Tindal, C.J., lays down the correct rule to be, "that either party may, with a view to the damages, give evidence to prove or disprove the existence of a malicious motive in the mind of the publisher of defamatory matter, but if the evidence given for that purpose establishes another cause of action, the jury shall be cautioned against giving any damages in respect of it; and if such evidence is offered merely for the purpose of obtaining damages for such subsequent injury, it will be properly rejected (*k*)."

On the same principle the fact that the defendant has persisted in the accusation and refused to apologise, and that he has put a plea of justification on the record, may be taken into consideration as evidence of malice to heighten the damage (*l*). But the latter circumstance cannot be used as evidence of express malice, in answer to another plea raising the defence of a privileged communication: though if that plea were found for the plaintiff, it would be an aggravation of the damages (*m*). Even where the publication is admitted on the pleadings, the plaintiff is entitled to show the manner of it with a view to damages (*n*). Lord Esher, M.R., has laid it down as a general rule that in actions of libel the jury in assessing damages are entitled to look at the whole conduct of the defendant from the time the libel was published down to the time they give their verdict. They may consider what his

Persisting in the charge.

(*j*) *Stuart v. Lovell*, 2 Stark. 93: *Pearce v. Ormsby*, 1 M. & Rob. 455: *Symmons v. Blake*, *ibid.* 477.

(*k*) 5 M. & G. at p. 719. Omitting to give this caution is not misdirection: *Darby v. Ouseley*, 1 H. & N. 1; 25 L. J. Ex. 227.

(*l*) *Simpson v. Robinson*, 12 Q. B. 511. Even the language of counsel in Court, if instructed to persist in the charge, may aggravate the damages; *ib.*, and see *Darby v. Ouseley*, *per* Pollock, C.B., 25 L. J. Ex. at pp. 230, 233: *Rish Allah Bey v. Whitehurst*, 18 L. T. N. S. 615, *per* Cockburn, C. J., at *nisi prius*.

(*m*) *Wilson v. Robinson*, 7 Q. B. 68.

(*n*) *Vines v. Scrrell*, 7 C. & P. 163.

conduct has been before action, after action, and in Court during the trial (*o*).

General evidence of character to prove malice.

General evidence of good character cannot be given in aggravation of damage, except to rebut evidence offered by the other side; for till then the presumption of law is in the plaintiff's favour, and the evidence would (in theory at all events) be without an object (*p*).

When the libel consists of an accusation imputing incompetency in a particular transaction, evidence cannot be offered of general competency on other occasions. This could only be admissible to show malice, by disputing the charge. But a person may have shown himself quite incompetent on one occasion, and quite the reverse on others (*q*). The contrary rule prevails where the accusation is as general as the evidence offered to rebut it. Accordingly where the defendant had written of the plaintiff, who had acted as governess in the defendant's family, "I parted with her on account of her incompetency, and not being ladylike and good-tempered;" general evidence in contradiction of the statement was received. Lord Denman said, "Malice may be established by various proofs: one may be that the statement is false to the knowledge of the party making it" (*r*).

Evidence of the circulation of the libel.

Where it appears that many copies of a newspaper containing a libel has been put into circulation, this will be admissible to aggravate the damages on the ground of malice, if the defendant can be expressly connected with the circulation: if he cannot, no presumption of malice can be drawn, but the fact will still be evidence to show the extent of injury done. This was so ruled in a case where the defendant was the publisher of a newspaper, which was industriously circulated in a particular neighbourhood, and sent gratuitously to several non-subscribers, but not by the defendant (*s*). The same rule would clearly apply to a person not the publisher, if he puts his libel into a shape which would ensure its circulation,

(*o*) *Praed v. Graham*, 24 Q. B. D. 53; 59 L. J. Q. B. 230.

(*p*) *Cornwall v. Richardson*, Ry. & M. 305; *Guy v. Gregory*, 9 C. & P. 587. See *post*, p. 500.

(*q*) *Brine v. Bazalgette*, 3 Ex. 692.

(*r*) *Fountain v. Boodle*, 3 Q. B. 5; so *Harrison v. Bush*, 5 E. & B. at p. 363, *et seq.*; 25 L. J. Q. B. 99.

(*s*) *Gathercole v. Miall*, 15 M. & W. 319.

as into a newspaper. Of course he would not be responsible for its republication by a third person, in a way which he could not have anticipated; as, for instance, if a private letter containing a libel was printed by the receiver without his knowledge (*t*).

There may, however, be cases in which, from the form of action, evidence of malice would be inadmissible. Accordingly in an action against the publisher of a magazine, no evidence can be given of the malice of the writer, who is a different person, and for whose motives the editor cannot be liable, though he is responsible by law for his acts (*u*). And so the position of the plaintiffs may exclude evidence which would otherwise be allowable. In a joint action by partners for a libel, no damages could till lately be given for the injury to their feelings, as the only basis of the joint action was the injury to their joint trade (*x*). Now there seems no reason why partners should not recover separate damages in addition to their joint damage (*y*). And in a joint action by husband and wife for a libel on the wife, no special damages could be recovered *on the joint count*, because any such damage was solely accruing to the husband (*z*). But in an action brought by a man and his wife for an injury done to the wife, in respect of which she was necessarily joined as co-plaintiff, the husband might add claims in his own right (*a*). Now claims by husband and wife may be joined with claims by them separately (*b*). Therefore damages, whether joint or several, can be recovered if properly claimed. Such joinder of claims in different rights is only permissive, not imperative. If they are not joined, the recovery of damages by husband and wife, in right of the wife, is no bar to a fresh action by the husband in his own right (*c*).

When evidence of malice is inadmissible.

Joint actions.

Where the cause of action is proved or admitted, the jury are not limited to nominal damages, though no evidence is given

Substantial damages may be given without proof of actual injury.

(*t*) See *Ward v. Weeks*, 7 Bing. 211, *et post*, p. 496.

(*u*) *Robertson v. Wylde*, 2 M. & Rob. 101.

(*x*) *Haythorn v. Lawson*, 3 C. & P. 196 : *Lefanu v. Malcolmsen*, 8 Ir. L. R. 418.

(*y*) Ord. 16, Rule 1. *Booth v. Briscoe*, 2 Q. B. D. 496. See *ante*, p. 473.

(*z*) *Dengate v. Gardiner*, 4 M. & W. 5.

(*a*) 15 & 16 Vict. 376, s. 40.

(*b*) Ord. 18, R. 4.

(*c*) *Brockbank v. Whitehaven Junction Ry. Co.*, 7 H. & N. 834 ; 31 L. J. Ex. 349.

on the part of the plaintiff (*d*). In a recent case the action was for a newspaper libel published more than seventeen years ago. In bar of the statute it was proved that a single copy had been sold by the defendant to plaintiff's agent. It was held that the judge was not bound to tell the jury, that they ought to limit the damages to the injury which they might believe the single publication had occasioned (*e*). In the particular case there were other counts for other libels more or less connected with it, which would have made the separate assessment of damages very difficult; but on principle the decision is obviously correct.

Future
damage.

Where the words are actionable without special damage, the jury may take into consideration not only the injury that has arisen, but that which may arise from the slander; because such fresh injury would constitute no fresh ground of action (*f*). But it is said by North, C.J., in the same case (*g*), that if the words are not in themselves actionable, the jury in computing damages ought only to consider the damage which is specially alleged and proved; because if any damage be at a future time sustained, a subsequent action will lie for it. And so where evidence of special damage, subsequent to the commencement of the suit, was admitted by consent, Tindal, C.J., said, "By permitting this evidence to be given, the defendant may possibly have escaped having a second action brought against him" (*h*). But this is opposed to the authority of a distinguished judge, who lays it down, that where a plaintiff has once recovered damages, he cannot afterwards bring an action for any other special damage, whether the words be in themselves actionable or not (*i*).

Evidence of
specific injury
after action
brought.

Of course special damage, laid as such, must have accrued before action; but a different question arises, whether a specific injury after action may be given in evidence to enable the jury

(*d*) *Tripp v. Thomas*, 3 B. & C. 427; *Hayward v. Hayward*, 34 Ch. D. 198; 56 L. J. Ch. 287. So in an action for maliciously defacing a written character by defamatory words: *Wennhak v. Morgan*, 20 Q. B. D. 635; 57 L. J. Q. B. 241.

(*e*) *Duke of Brunswick v. Harmer*, 14 Q. B. 185.

(*f*) *Lord Townshend v. Hughes*, 2 Mod. 150; *Ingram v. Lawson*, 6 Bing. N. C. 213; *Gregory v. Williams*, 1 C. & K. 568.

(*g*) *Lord Townshend v. Hughes*, *supra*.

(*h*) *Goslin v. Corry*, 7 M. & G. 342, 345.

(*i*) Bull, N. P. 7; citing *Fitter v. Veal*, Ca. K. B. 542.

to estimate the amount of general damage? An action was brought by a shipowner for a libel, which stated that his ship, then advertised to sail to the East Indies, was not seaworthy, and was purchased by Jews to take out convicts. No special damage was laid. The action was commenced three days after the libel was published. Evidence was admitted of the average profits of a voyage to the East Indies, and that the first voyage after the libel, the plaintiff's profits were nearly 1,500% below the average. It was held that the evidence was rightly received. The jury must have some mode of estimating the damages, and they could not be in a condition to do so, unless they knew something of the plaintiff's business, and of the general return of his voyages (*k*). The same principle was applied where the action was for a description of the plaintiff in the Hue and Cry, in consequence of which he was arrested. The arrest, which was laid specially, took place after action brought. Evidence of it was allowed by consent of defendant's counsel, who then objected that the judge ought to have excluded it from the minds of the jury in assessing the damages. It was held that the judge's charge was right, as he did not tell the jury that they were at liberty to give damages for the arrest which took place after action brought, but that they might view it as a confirmation of the plaintiff's apprehension that an arrest would be the probable consequence of the libel (*l*). This was obviously the only way in which the evidence could be used, but it seems to have been assumed throughout that it was not strictly admissible at all. Now it is plain, that in estimating damages the jury must be greatly influenced by the probability that an arrest would take place, and on the principle of *Ingram v. Lawson*, evidence that it had taken place, even after action, was surely admissible. Possibly the difficulty in this case arose from the fact, that that very arrest was laid as special damage, and to prove that allegation it plainly was inadmissible.

Where words are in themselves actionable, no special damage need be laid or proved; the law presuming that the uttering of the words, or the publishing of the libel, have in themselves

Proof of
general
injury.

(*k*) *Ingram v. Lawson*, 6 Bing. N. C. 212.

(*l*) *Goslin v. Curry*, 7 M. & Gr. 342.

a natural and necessary tendency to injure the plaintiff (*m*). From this the curious inference was once drawn, that because the law assumes that a general injury will follow, you cannot prove that a general injury has followed. In an action for a libel against a trader, special damage was laid. Plaintiff's counsel proposed to rely only on general injury, and to ask whether there had not been a general loss of business since the libel. Tindal, C.J., said, "No, that would be so very hard against the party. You set out with that, you see. The law gives it to you as a bonus. If you want specific damages you must give specific evidence" (*n*). Where, however, the action was for libel on an actress, in consequence of which she would not sing, and the declaration alleged as damages the loss of several performances, Lord Kenyon ruled that the box-keeper might be asked generally, whether the receipts of the house had not diminished from the time Madame Mara had declined to sing? but that to ask if particular persons had not in consequence given up their boxes, was specific damage and inadmissible (*o*). Similar evidence was received in the case of *Ingram v. Lawson* (*p*). There, however, it seems to have been admitted, not with a view to show what the plaintiff's loss had been, but what the general nature of his business and profits was. For it will be remarked that though the evidence showed a falling off of 1,500*l.*, the jury only found a verdict for 900*l.* In *Ross v. Groves*, Cresswell, J., took a distinction between particular and special damage, saying, "In an action for slandering a man in his trade, when the declaration alleges that he thereby lost his trade, he may show a general damage to his trade, though he cannot give evidence of particular instances" (*q*). There seems a difficulty with regard to the admission of the evidence, as to the mode of connecting the slander with the falling off. On the other hand, there is an obvious injustice in excluding what, in the mass of cases, must be the only evidence of damage really procurable. It must,

(*m*) *Malachy v. Soper*, 3 B. N. C. 382.

(*n*) *Delegall v. Highley*, 8 C. & P. 448.

(*o*) *Ashley v. Harrison*, 1 Esp. 48.

(*p*) *Ante*, p. 493.

(*q*) 5 M. & Gr. at p. 618. So *Evans v. Harriss*, 1 H. & N. 251; *infra*: *Riding v. Smith*, 1 Ex. D. 91, 45 L. J. Ex. 281; *ante*, p. 81: *Ratcliffe v. Evans*, [1892] 2 Q. B. 524.

however, be shown that the words complained of were uttered under circumstances which might, in the ordinary course of things, have directly produced the general damage that has in fact occurred (r).

Special damage must be laid and *proved*, where the words are not actionable without it. In this case the special damage is the gist of the action (s). General loss of business, if sufficiently laid and proved, will be sufficient special damage (t). Special damage

Even though the words are in themselves actionable, no evidence of any specific loss sustained in consequence of them can be adduced, unless laid in the declaration (u). It is sufficient, however, to state the special damage with as much certainty as the case will admit of. It has been said that if a trader brings an action for slander, by which he lost his customers, their names must be set out specially, that the defendant may meet the charge if it is false; and that where this is not done, general evidence of loss of customers cannot be received (x). But a clergyman laying as special damage the loss of his congregation, is not required to state their names, on account of the supposed impossibility of so doing (y). The principle is clear enough, but the distinction between the two cases seems rather fine. More recently, in an action for slander of the plaintiff in his business of an innkeeper, it was held sufficient to allege and prove as special damage a general loss of custom, without stating the names of customers (z). must be laid.

As to special damage, which must be the loss of some Special damage must be the result of defendant's own acts.

(r) *Ratcliffe v. Evans*, [1892] 2 Q. B. at p. 530, *per* Bowen, L.J.; 61 L. J. Q. B. 535.

(s) See the Text Bks., Selw. N. P.; 12th ed. 1269; Com. Dig. Action upon the case for Defamation, D. 30. See also *Malachy v. Soper*, 3 B. N. C. 371; *Ayre v. Craven*, 2 A. & E. 2; *Evans v. Harlow*, 5 Q. B. 624; *Wilby v. Elston*, 8 C. B. 142; *Hopwood v. Thorn*, *ibid.*, 293; *Dixon v. Smith*, 5 H. & N. 450; 29 L. J. Ex. 125; where it was held that general damages for loss of business, which might have resulted from a repetition of the slander, could not be recovered.

(t) *Ratcliffe v. Evans*, [1892] 2 Q. B. 524. See as to the degree of certainty and particularity with which the damage ought to be stated and proved: *per* Bowen, L.J. *ib.* at p. 532, and *post*, p. 578.

(u) *Geare v. Britton*, B. N. P. 7; *Hatheway v. Newman*, Selw. N. P. 1248.

(x) *Hartley v. Herring*, 8 T. R. 133; *Waterhouse v. Gill*, Selw. N. P. 1248, 10th ed. See, however, *per* Cresswell, J., *ante*, p. 494.

(y) *Hartley v. Herring*, 8 T. R. 130.

(z) *Evans v. Harries*, 1 H. & N. 251; and see *McLoughlin v. Welsh*, 10 Ir. L. R. 19; and *Ratcliffe v. Evans*, [1892] 2 Q. B. p. 524 (C. A.); 61 L. J. Q. B. 535.

material temporal advantage (a), that only which is the natural and fair result of the words spoken can be laid, or proved. Damage which only arises from the peculiar temperament of the person slandered cannot support an action (b). The application of this rule is not so very easy. One point has been frequently laid down, viz., that no damage can be recovered for, which is the result, not of the original slander by the defendant, but of the repetition of that slander by some third person. In such a case, the immediate cause of the plaintiff's damage arises from the voluntary act of a free agent over whom the defendant has no control, and for whose acts he is not answerable (c). But where the words are used under circumstances which render it certain that they will be repeated, and they are repeated by persons whose duty it is to report them, injury accruing from such report is, it seems, admissible; as where a police constable was dismissed in consequence of language addressed to him by a police magistrate in trying a cause, which was reported in due course to the commissioners (d). And so it has been held to be a material allegation in a statement of claim in an action for libel, that the defendant knew that the words published by him would be, and in fact were, repeated and published in editions of the same paper published abroad (e).

When the act of a third party will be good special damage.

It was once thought that damage resulting from the act of a third party, though caused by the language of the defendant, would not be actionable if it was in itself a ground of action by the plaintiff against such third party (f). This doctrine, however, was long doubted (g), and is now finally overruled (h).

(a) *Roberts and Wife v. Roberts*, 5 B. & S. 384; 33 L. J. Q. B. 249.

(b) *Allsop v. Allsop*, 5 H. & N. 534; 29 L. J. Ex. 315: approved by House of Lords in *Lynch v. Knight*, 9 H. L. C. 677.

(c) *Ward v. Weeks*, 7 Bing. 211: *Vicars v. Wilcocks*, 8 East, 1; 2 Smith's L. C. 448, 10th ed.: *Tunnicliffe v. Moss*, 8 C. & K. 83: *Dizon v. Smith*, 5 H. & N. 450; 29 L. J. Ex. 125: *Bateman v. Lyall*, 7 C. B. N. S. 638. See the subject discussed, *ante*, p. 79, *et seq.*

(d) *Kendillon v. Maltby*, Car. & M. 402: *Derry v. Handley*, 16 L. T. N. S. 263, Q. B. It is not the duty of a wife to report to her husband slanderous abuse of herself: *Parkins v. Scott*, 1 H. & C. 153; 31 L. J. Ex. 331.

(e) *Whitney v. Moignard*, 24 Q. B. D. 630; 59 L. J. Q. B. 324.

(f) *Vicars v. Wilcocks*, 8 East, 1; 2 Smith's L. C. 448, 10th ed.: *Morris v. Langdale*, 2 B. & P. 284, 289.

(g) *Green v. Button*, 2 C. M. & R. 707; 2 Sm. L. C. 448, 10th ed.

(h) *Lumley v. Gye*, 2 E. & B. 216, *ante*, p. 78.

In practice, the same result will probably be reached in many cases, by aid of the doctrine that damages must not be *too remote*. Where the act of the third party is plainly rash and illegal, it will perhaps be held not to be the natural result of the defendant's words.

If, however, the obvious intention, or the natural result of the defendant's words was to induce another to commit an illegal act, there seems no reason why he should not be made answerable for the consequences. In *Lynch v. Knight*(i), Lord Wensleydale said, "I strongly incline to agree with Mr. Justice Christian, that to make the words actionable, by reason of special damage, the consequence must be such as, taking human nature as it is, with its infirmities, and having regard to the relationship of the parties concerned, might fairly and reasonably have been anticipated and feared would follow from the speaking of the words, not what would reasonably follow, or we might think ought to follow." "I cannot agree that the special damage must be the natural and legal consequence of the words, if true. Lord Ellenborough puts as an absurd case, that a plaintiff could recover damages for being thrown into a horse-pond, as a consequence of words spoken ; but I own I can conceive that when the public mind was greatly excited on the subject of some base and disgraceful crime, an accusation of it to an assembled mob might, under peculiar circumstances, very naturally produce that result, and a compensation might be given for an act occurring as a consequence of an accusation of that crime." Suppose, for instance, that during the war of 1870, an Englishman had been pointed out to a Parisian mob as a German spy, and thrown by them into the Seine, it could not be contended that one act was not the natural and necessary consequence of the other. In *Lynch v. Knight*, the special damage, which was alleged as making the words actionable, was that they imputed to the wife unchastity, in consequence of which the husband refused to live with her. There the judges doubted whether the words really did contain any imputation upon the wife, which would naturally have led the husband to act as he did. The case was further complicated by the circumstance that the wife was plaintiff, and had to join

Where damage is the natural result of the slander.

(i) 9 H. L. Ca. 577 ; 2 Sm. L. C. 513, 10th ed.

her husband for conformity. Consequently he was, in fact, complaining of his own act. But the majority of the Lords seemed to have no doubt upon the general principle, that a man would be responsible for an injury which was the natural result of his own words, though the injury was in itself an illegal act. For instance, suppose a person informed a husband that he had just seen a man committing adultery with his wife, and the husband immediately followed the alleged paramour, and horse-whipped him; could it be contended that the slanderer would not be liable to an action, in which damages for the assault would be recoverable?

Special
damage too
remote.

Where an actual injury has followed the slander, it is no answer to show that the third person would have probably acted in the same way, had the slander not been used (*j*), if the act did in fact follow from the words. But an injury which did not naturally ensue from the libel, and might have arisen from other causes, cannot be ground of action. Defendant published a libel on an actress whom plaintiff had engaged to sing for him; she refused to sing from fear of being hissed, and he claimed for loss of profits. Lord Kenyon said, the injury was too remote and impossible to be connected with the cause assigned for it. Her refusal to perform might have proceeded from groundless apprehension of what might never have happened, or from caprice or insolence (*k*). Of course, where words do not in themselves, or by the interpretation put upon them by the plaintiff in his declaration, bear a defamatory meaning, no amount of special damage will form a ground of action, or be admissible in evidence. Such special damage is not the natural or necessary consequence of the words (*l*). Nor can evidence be received of injury to other persons than the plaintiff, as, for instance, to his wife, though she was one of the persons assailed in the libel (*m*).

(*j*) *Knight v. Gibbs*, 1 Ad. & Ell. 43; cited, *ante*, p. 64.

(*k*) *Ashley v. Harrison*, 1 Esp. 49. See *Haddan v. Lott*, 15 C. B. 411; 22 L. J. C. P. 49; *Chamberlain v. Boyd*, 11 Q. B. D. 407; 52 L. J. Q. B. 277.

(*l*) *Morris v. Langdale*, 2 C. & P. 284; *Kelly v. Partington*, 4 B. & Ad. 645. But the Court of Common Pleas considered it still undecided whether words not in themselves actionable or defamatory, spoken under circumstances and to persons likely to create damage to the subject of the words, might not, when the damage followed, be ground of action: *Miller v. David*, L. R. 9 C. P. at p. 126; 43 L. J. C. P. at p. 87.

(*m*) *Guy v. Gregory*, 9 C. & P. 584.

The loss of substantial hospitality, which had been a permanent addition to the plaintiff's income, is good ground of special damage (*n*). Loss of the society of acquaintances is not, nor illness resulting from the slander (*o*).

As a general rule any evidence may be given in behalf of the defendant to prove the absence of malice, with a view to mitigate the damages (*p*). Accordingly he may show that he said, at the time he spoke the words, that he heard the slanderous matter from another person whom he named, and may prove the truth of this (*q*); or that he had copied the statements from another newspaper (*r*). But he cannot show that the defamatory matter appeared simultaneously in other papers (*s*). And where the words profess to be an account of what took place in a court of justice, although this would be no defence unless the account is perfectly fair and accurate, still, even though the report is not correct, if it is an honest one, and intended to be a fair account of what really occurred, this will be ground for reducing the damages (*t*). We have seen before, that persisting in a plea of justification which is abandoned, or not proved, may be ground for increasing the damages. On the other hand, facts which go to support such a plea may be given in evidence in mitigation of damages, though they fail to prove the plea; and that whether there is a plea of justification on the record or not; and even where there has been such a plea, which has been withdrawn (*u*). Where, however, such facts would, if pleaded, be a complete bar to the action, they cannot be adduced even in mitigation of damages (*x*). This was probably the ground of the decision in *Vessey v. Pike* (*y*), of which we have only a very meagre report, where evidence

Evidence in mitigation of damage. That defendant did not originate the libel.

That he had reason to believe it.

(*n*) *Moore v. Meagher*, 1 Taunt. 39; *Dacies and Wife v. Solomon*, L. R. 7 Q. B. 112; 41 L. J. Q. B. 10.

(*o*) *Allsop v. Allsop*, 5 H. & N. 534; 29 L. J. Ex. 315; and see *Roberts v. Roberts*, cited *ante*, p. 496. Whether a wife can sue for words occasioning the loss of the consortium of her husband, was discussed but not decided, in *Lyach v. Knight*, 9 H. of L. Cases, 577; 2 Smith's L. C. 513, 10th ed.

(*p*) *Pearson v. Lemaître*, 5 M. & Gr. 700; 6 Sco. N. R. 607.

(*q*) *Bennett v. Bennett*, 6 C. & P. 588.

(*r*) *Mullett v. Hulton*, 4 Esp. 248; *Saunders v. Mills*, 6 Bing. 213; *Davis v. Cutbush*, 1 F. & F. 487.

(*s*) 6 Bing. 213.

(*t*) *Smith v. Scott*, 2 C. & K. 580.

(*u*) *Chalmers v. Shackell*, 6 C. & P. 475; *East v. Chapman*, 2 C. & P. 570.

(*x*) *Speck v. Phillips*, 5 M. & W. 279.

(*y*) 3 C. & P. 512.

of this nature was rejected. In no case can facts so proved go in bar of the action, unless there is a plea to support them (z).

That he had received previous provocation.

So evidence that the plaintiff had libelled the defendant, though no defence to the action, will go in reduction of damages (a). But such libels must be shown to relate to the subject-matter of those published by the defendant (b). And he must prove that the libel which he complains of came to his knowledge before he libelled the plaintiff (c).

General bad character.

A very important question which has been constantly raised, is as to the admissibility, in mitigation of damages, of evidence showing that the plaintiff laboured under a general suspicion of being guilty of the offence charged in the libel. The question was ably discussed in a recent work on evidence, where all the authorities were collected. The conclusion arrived at by the learned author was that the weight of evidence inclined slightly in favour of the affirmative, even though the defendant had pleaded truth as a justification, and had failed in establishing his plea (d). In a later case, however, the opinion of the Court of Queen's Bench seemed on the whole against the evidence, and they decided that it could only be received as to reports existing at the time of the publication, otherwise the reports adduced to diminish the damages might have been caused by the very slander for which the action was brought (e). Such evidence must, in any case, be confined to the particular trait which is attacked by the libel, and cannot refer to particular acts (f).

The whole of the cases were reviewed by Mr. Justice Cave in the case of *Scott v. Sampson* (g), when he pointed out that the

(z) *Charlton v. Watton*, 6 C. & P. 385.

(a) *Finnerty v. Tipper*, 2 Camp. 76 : *Kelly v. Sherlock*, L. R. 1 Q. B. 686 : 35 L. J. Q. B. 209 : 7 B. & S. 480.

(b) *May v. Brown*, 3 B. & C. 113 : *Turpley v. Blabey*, 2 Bing. N. C. 437.

(c) *Watts v. Fraser*, 7 Ad. & Ell. 223.

(d) Tayl. Evidence, 327, 7th ed. This conclusion is omitted from the 8th ed., p. 338.

(e) *Thompson v. Nye*, 16 Q. B. 175.

(f) Tayl. Evidence, 329, 7th ed. In Ireland where the slander imputed to an officer that he had stolen a gold chain, evidence of the plaintiff's being generally reputed to have committed the act was rejected ; but evidence of general bad character, or of his having some vicious habit leading to the particular act, was considered admissible : *Bell v. Parke*, 11 Ir. C. L. R. 413. See further, *Bracegirdle v. Bailey*, 1 F. & F. 536.

(g) 8 Q. B. D. 491 : 51 L. J. Q. B. 380.

decisions related to the admissibility—1, of evidence of reputation; 2, evidence of rumours of, and suspicions to the same effect as, the defamatory matter complained of; and 3, evidence of particular facts tending to show the character and disposition of the plaintiff. He arrived at the conclusion that general evidence was admissible under the first head, but that evidence tendered under the two others was inadmissible. It was said in that case that the particular facts or circumstances intended to be relied on, ought to be stated or referred to in the pleadings under Order XIX. r. 4. But in a later case which threw some doubt on the admissibility of general evidence of reputation, it was held that matter which was only material in mitigation of damages should not be pleaded (*h*).

In consequence of these cases the question of pleading has been settled by a special rule of Court now in force with regard to actions for libel or slander. Where the defendant does not allege the truth of the statement complained of, he cannot give evidence in chief with a view to mitigation of damages as to the circumstances of publication or character of the plaintiff without leave of the Court, unless seven days before trial he furnishes particulars to the plaintiff of the matters as to which he intends to give evidence (*i*).

Notice to be given in libel actions.

Where there is a plea justifying a libel it is no evidence in proof of its truth, that the same imputations had been published before, and that the plaintiff had submitted to them. The fallacy lies in the word "submission." It comes to this only, that he did not prosecute; and there might be a great many reasons for his not proceeding to prosecute,—the anonymous nature of the article, not knowing whether it came from a man of character, or the poverty of the party himself (*k*).

Evidence of truth of libel.

Evidence of a mere collateral fact, as that the plaintiff has already recovered against another person for the same libel, cannot in general be given in mitigation of damages (*l*). But by the Libel Act of 1888, in actions for newspaper libels the defendant may prove in mitigation of damages that the plaintiff has already recovered or sued for damages, or received or

Former recovery against a third party.

(*h*) *Wood v. Earl of Durham*, 21 Q. B. D. 501; 57 L. J. Q. B. 547.

(*i*) O. 36, R. 37. See as to interrogatories in support of such a notice, *post*, p. 580.

(*k*) *Reg. v. Newman*, 1 E. & B. 268.

(*l*) *Creery v. Carr*, 7 C. & P. 64.

agreed to receive compensations in respect of libels to the same purport or effect (*m*).

Apology for
libel in new-
paper.

Where in an action for a libel contained in a newspaper the defendant pleads under 6 & 7 Vict. c. 96, s. 2, that the libel inserted was without malice or gross negligence, and that a full apology was inserted, and pays money into Court by way of amends, if the jury find the apology not sufficient, the damages should be assessed irrespectively of the sum paid into Court, and without considering that payment in any way as an admission of liability (*n*).

Actions for
breach of
promise of
marriage.

8. Actions for breach of promise of marriage ought strictly to have been considered under the head of Contracts, in an earlier part of this work. They are, however, of so exceptional a nature, and so closely connected with actions for seduction, as to the evidence which may be adduced, that I have thought it more convenient to defer the examination till now.

It is quite needless to say that no attempt at fixing any measure of damage can be made in regard to this species of suit, or the other, just alluded to, which follows it. They stand on a par with actions for libel as to the range of topics in which counsel are allowed to indulge. Even the stereotyped direction of the judge, that the jury should give "temperate" damages, conveys no very definite idea to the mind. In a recent case the action for breach of promise of marriage has been described as one "which is based on the hypothesis of a broken contract, yet is attended with some of the special consequences of a personal wrong, and in which damages may be given of a vindictive and uncertain kind, not merely to repay the plaintiff for temporal loss, but to punish the defendant in an exemplary manner" (*o*).

Evidence of
defendant's
condition in
life.

The circumstances which aggravate the damages in an action of this sort are so obvious as to require no comment. One important fact consists in the wealth and social position of the defendant, as it shows what the plaintiff has lost by the breach of contract (*p*). Accordingly we find in one case, where the

(*m*) 51 & 52 Vict. c. 64, s. 6.

(*n*) *Jones v. Mackie*, L. R. 3 Ex. 1; 37 L. J. Ex. 1. See also *Oxley v. Wilkes*, [1898] 2 Q. B. 56 C. A.; 67 L. J. Q. B. 678; *Sley v. Tillotson*, 14 Times L. R. 545.

(*o*) *Per Bowen, L.J., Finlay v. Chirney*, 20 Q. B. D. at p. 504; 57 L. J. Q. B. 247.

(*p*) *James v. Biddington*, 6 C. & P. 590; *Berry v. Da Costa*, L. R. 1

action was bought by the gentleman against the lady, that 400*l.* was held not to be an excessive amount of damages : the fair one being, as the cold-blooded reporter says, "worth 3,000*l.* when the plaintiff courted, and afterwards, by the death of her brother, worth double that sum" (*q*). And so a verdict of 3,500*l.* was supported in another case where the defendant was a man of property (*r*).

Where the plaintiff had been seduced by the defendant, it was held no misdirection to tell the jury that they might take into consideration the plaintiff's lessened prospect of marrying another, and the difference of her position in returning to her mother's house, not as a virtuous and respected member of the family, but as a disgraced woman (*s*). It is evident, however, that unless a direction to a jury to this effect is put, to use the expression of Willes, J., "in the driest language" (*t*), a jury will be apt to interpret it into permission to give damages for the seduction as well as for the breach of promise of marriage. The decision itself was affirmed and followed in a later case (*u*), where the statement of claim in an action for breach of promise of marriage contained an allegation, that "the plaintiff relying upon the said promise, permitted the defendant to debauch and carnally know her, whereby the defendant infected her with a venereal disease." It was held by the Court of Appeal that this allegation could not be struck out of the claim, since both the facts alleged could be given in evidence, as aggravating the injury done to the plaintiff by the breach of contract.

Aggravation
by seduction.

Only two cases are to be found in which an attempt has been made to maintain an action for breach of promise of marriage by or against the representatives of a deceased person, and both attempts were unsuccessful. In *Chamberlain v. Williamson* (*x*), the action was brought by the administrator of the lady, no special damage being laid. Bayley, J., though

Action by or
against the
personal re-
presentatives.

C. P. 331—336 ; 35 L. J. C. P. 191. See *per* Bowen, L.J., 20 Q. B. D. at p. 506. General evidence may be given of the defendant's property, but not proof of particular items : *Kerfoot v. Marsden*, 2 F. & F. 160, *per* Wilde, B.

(*q*) *Harrison v. Cage*, Carth. 467.

(*r*) *Wood v. Hurd*, 2 Bing. N. C. 166.

(*s*) *Berry v. Da Costa*, L. R. 1 C. P. 331 ; 35 L. J. C. P. 191.

(*t*) L. R. 1 C. P. at p. 333. See *Smith v. Woodfine*, 1 C. B. N. S. 660.

(*u*) *Millington v. Loring*, 6 Q. B. D. 190 ; 50 L. J. Q. B. 214 ; and see *per* Lord Esher, M.R., *Finlay v. Chirney*, 20 Q. B. D. at p. 501.

(*x*) 2 M. & S. 408.

doubting whether the suit was maintainable, allowed it to go to the jury on the ground that whatever compensation in damages she would have been entitled to, by so much she would have died the richer. Judgment was arrested. Lord Ellenborough said "the general rule of law is, *actio personalis moritur cum personâ*; under which rule are included all actions for injuries merely personal. Executors and administrators are the representatives of the temporal property, that is the debts and goods of the deceased, but not of their wrongs, except where those wrongs operate to the temporal injury of their estate. But in that case the special damage ought to be stated on the record, otherwise the Court cannot intend it." This decision was relied upon and followed in the converse case of *Finlay v. Chirney* (y), where the action was brought against the executor of the promisor. The plaintiff was his housekeeper, and had been seduced by him under promise of marriage, and had given birth to a child before the death of the testator. No special damage was originally alleged, but in a subsequent stage of the case the Court allowed an amendment to be made under which special damage was pleaded under the following heads: (1) cost of clothing bought in anticipation of marriage; (2) maintenance of plaintiff from date of promise till death; (3) costs arising in respect of child; (4) loss of parish allowances withdrawn owing to plaintiff's misconduct; (5) loss from same cause of anticipated legacy from her mother. It was held that such an action will not lie without special damage, and that if special damage be proved, it will not lie for anything that is not special damage. "With the death of the promisor all claims to damages of an exemplary or sentimental kind ought to cease, and such damages ought only to be left as represent compensation for a temporal and measurable loss, flowing directly from the breach or within the contemplation of both parties at the date of the promise; and in an action against executors such a temporal loss, if it is alleged, must be tested according to the ordinary rules as to remoteness as applied to the special facts of the case." Applying this test, the items (3), (4), (5) were clearly inadmissible as being too remote. Also (2) on the ground that breach of a promise to marry could never impose upon the promisor

(y) 20 Q. B. D. 494. see pp. 500, 507; 57 L. J. Q. B. 247.

an obligation to maintain the promisee for her life. As to (1) Lord Esher, M.B., seems to have thought that it could never be ground for special damage, though it would go in aggravation of damages in an action against the promisor himself. Lords Justices Bowen and Fry, while not deciding that such expenditure must necessarily be too remote to be recovered against executors in an action for breach of promise of marriage, held that it was not shown that such purchase was made under circumstances which would bring the expenditure within the head of damages flowing directly from the alleged breach of contract, or within the contemplation of the parties at the time.

Any evidence will be admissible in reduction of damages, which palliates, though it does not excuse, the breach of promise; or which proves that the plaintiff had no great loss in the matter: or that the match was in any way unsuitable, and unlikely to have produced happiness. And here it is necessary to distinguish between facts which go to bar the action entirely, and those which merely serve in mitigation of damages.

Evidence in mitigation of damages.

It is a complete defence to the action, that the defendant was induced to enter into or continue the connection by false representations, as to the circumstances of the family, or the previous life of the plaintiff, or even by a wilful suppression of the real state of affairs upon these points (2); or that at the time of making the promise he was ignorant of her previous immoral life (a), even though she had only been guilty of a single act of unchastity, and at a distance of many years, and had since lived a perfectly correct life (b). So, where the plaintiff is a man, it will be a sufficient answer to show, that subsequently to her promise he had conducted himself in a brutal manner, and threatened to use her ill, for this gives her a right to say that she will not commit her happiness to his keeping (c); or that he is a person of proved bad character (d).

When the action is barred.

(2) *Wharton v. Lewis*, 1 C. & P. 529; *Fonte v. Hayne*, *ibid.*, 546. In the absence of fraud it is no defence that the plaintiff was at the time of the promise engaged to another man, and concealed it from the defendant: *Beechey v. Brown*, E. B. & E. 796; 29 L. J. Q. B. 105.

(a) *Irving v. Greenwood*, 1 C. & P. 350.

(b) *Bench v. Merrick*, 1 C. & K. 463.

(c) *Leeds v. Cook*, 4 Esp. 256.

(d) *Baddeley v. Mortlock*, Holt, N. P. 151.

So the existence of some bodily infirmity, to which the plaintiff is subject, which was not known at the time of the contract, was held to be a complete bar (e). But it has since been held in the Exchequer Chamber that it is no defence that the defendant, after the promise, became subject to a disease which rendered him incapable of marrying without danger of his life (f). And upon the authority of that case it was held no defence that the plaintiff had been a lunatic, which was not known to the defendant at the time of the contract (g).

Evidence of character, conduct, &c.

On the other hand, unchaste conduct, known when the promise was made, only operates in reduction of damages (h). So mere grossness of manners, and want of feeling, are not grounds for breaking off the contract, nor even palpable want of affection. But all such circumstances are most important in testing the amount of injury the plaintiff has sustained. The mutual suitability of the parties, and the real affection felt by the plaintiff, may fairly be considered by the jury, when a man complains of having lost the society of one whom he appears never to have valued, and the pleasures of whose society he was little calculated to taste (i).

Evil repute.

The bad character of a man, when it merely rests upon report, without specific proof of facts, has been held to be merely evidence in mitigation of damages, and not a complete bar (k). In one instance, however, Lord Kenyon allowed general evidence of the immodest character of a woman to go in bar of the action. He said, that in such a case character was the only point in issue, and that was public opinion, founded on the character of the party. He therefore considered that what that public thought was evidence (l).

Damages in seduction not confined to compensation for loss of service.

9. The action for seduction, properly so called, is rather an anomalous one. In form it purports to be merely an action for the consequential damage arising from the loss of service, resulting from the act complained of. Hence the action will

(e) *Atchinson v. Baker*, 2 Peake, 103.

(f) *Hall v. Wright*, E. B. & E. 746; 29 L. J. Q. B. 43; decided by four judges to three, the Court below having been equally divided.

(g) *Baker v. Cartwright*, 10 C. B. N. S. 124.

(h) *Bench v. Merrick*, 1 C. & K. 463.

(i) *Per* Lord Ellenborough, *Leeds v. Cook*, 4 Esp. 257.

(k) *Baddley v. Mortlock*, *ubi sup.*

(l) *Foulkes v. Sellway*, 3 Esp. 236.

fail unless some loss of service can be shown (*m*). And where the loss of service arose from the illness of the daughter, which was not caused by the seduction, but by grief at being subsequently abandoned, the Court doubted whether the action could be maintained (*n*). The logical result would be, that damages could be given on no other ground. This is not the case, however. It has been laid down, that actions of this sort are brought for example's sake, and although the plaintiff's loss may not really amount to the value of twenty shillings, yet the jury do right in giving liberal damages (*o*). And so Lord Eldon said, "In point of form the action only purports to give a recompense for loss of service, but we cannot shut our eyes to the fact, that this is an action brought by the parent for an injury to her child. In such a case I am of opinion that the jury may take into consideration all that she can feel from the nature of the loss. They may look on her as losing the comfort as well as the service of her daughter, in whose virtue she can feel no consolation; and as the parent of other children, whose morals may be corrupted by her example" (*p*). And not only the wounded feelings of the plaintiff, but also the dishonour resulting from the act, may form part of the estimate of damages (*q*).

Damages ought to be governed by a due regard to the situation in life of all the parties (*r*), because the high position of the parties may be an aggravation of the wrong. But the defendant's means are not an element in the case. Accordingly when the plaintiff proposed to address interrogatories to the defendant as to his wealth, the Court refused to allow them to be put. Blackburn, J., said, "The jury, no doubt, would give higher damages against a rich man, and the defendant's means do in general in some way come out at the trial. That we cannot help. The true measure of damages is the amount

Rank an
element,

but not
wealth.

(*m*) In the case of a minor, a right to the service is sufficient; and when she ceases to be under the control of a real master, and intends to return to her father's house, she is constructively in his service: *Terry v. Hutchinson*, L. R. 3 Q. B. 599; 37 L. J. Q. B. 257.

(*n*) *Boyle v. Brandon*, 13 M. & W. 738.

(*o*) *Per* Wilmut, C.J., *Tullidge v. Wade*, 3 Wils. 18.

(*p*) *Bedford v. McKowl*, 3 Esp. 119.

(*q*) *Southernwood v. Ramsden*, Selw. N. P. 1127, 12th ed.: *Andrews v. Askey*, 8 C. & P. 7. See *Berry v. Du Costa*, ante, p. 503.

(*r*) *Andrews v. Askey*, *ubi sup.*

of compensation to be paid to the plaintiff for the injury he has sustained by the seduction of his daughter; and in an action of tort it should be immaterial, as Lord Mansfield said, whether the damage came out of a deep pocket or not" (s).

Evidence of
promise of
marriage.

The circumstances of premeditation or fraud, by which the act was accomplished, will of course weigh heavily with the jury in assessing damages. It has been said, however, that evidence cannot be received that defendant effected his object by means of a promise of marriage. Lord Ellenborough said, "You may ask her whether he paid his addresses in an honourable way; to admit evidence of a direct promise of marriage would be to allow the mother to recover damages for a breach of that promise, upon the testimony of the daughter" (t). But the evidence has been received in several cases, on the ground that otherwise it might appear to the jury that the daughter was a wanton (u). In one case the distinction was said to be, that such evidence could not be relied on, as a prominent part of the case, for the purpose of obtaining specific damages, but that it might be used collaterally to the main object of the action, with a view to the vindication of the young woman's character (x).

Evidence of
general
chastity.

No evidence of general good character for chastity is admissible in aggravation of damages, until an attempt has been made to prove the contrary (y). It has even been laid down, that imputations cast upon her good fame in cross-examination are not sufficient ground to admit evidence in rebuttal (z). The contrary rule has been laid down in some later cases. In one, the cross-examination of the girl went to show that she had conducted herself immodestly towards the defendant before the seduction, and kept improper company. In the other, she was questioned as to her having had criminal intercourse with other men. The plaintiff was allowed to prove her general good character and modest deportment, and the general respectability of the family (a).

(s) *Hodsoil v. Taylor*, L. R. 9 Q. B. 79 : 43 L. J. Q. B. 14.

(t) *Dodd v. Norris*, 3 Camp. 519 : *Tullidge v. Wade*, 3 Wils. 18.

(u) *Watson v. Bayless* : *Murgatroyd v. Murgatroyd*, 3 Stark. Ev. 990.

(x) *Elliott v. Nicklin*, 5 Pri. 641.

(y) *Bamfield v. Massey*, 1 Camp. 460.

(z) *Dodd v. Norris*, 3 Camp. 519.

(a) *Bate v. Hill*, 1 C. & P. 100 : *Murgatroyd v. Murgatroyd*, 2 Stark. Ev. 307 : *Brown v. Goodwin*, Ir. Cir. Rep. 61.

Evidence may be given, in reduction of damages, of the general indelicacy and levity of character of the female seduced (*b*); and specific instances of intercourse between her and other men may be deposed to (*c*); but the daughter herself cannot be questioned as to such acts (*d*). Any declarations made by herself, as for instance, that a third person was the father of the child ascribed to the defendant, may however be proved, provided she has been given an opportunity of explaining or denying them (*e*).

Mitigation of damages, immodest conduct.

Gross negligence on the part of the plaintiff may also be proved with the same view. In one case where he had suffered the defendant to continue his visits as a suitor to his daughter, though he knew him to be a married man, on an alleged probability of his obtaining a divorce, and after he had been cautioned against him, Lord Kenyon directed a nonsuit (*f*).

Negligence of the plaintiff.

Damages for the mere seducing away of an actual servant from the employment of the master, of course rests upon quite a different basis. They would be regulated by the actual money loss resulting from the act, unless where strong evidence of malice was shown. In estimating the injury sustained, the jury are not limited to the time during which the servant was bound to continue with his master. Where the workmen of a piano-maker were enticed away from him, it appeared that they were engaged for no fixed time, but worked by the piece. His income from his trade was 800*l.* per annum, and a verdict for 1,600*l.* was held not to be excessive (*g*).

Seducing from service.

No action will lie against the seducer of a servant, when the master has recovered against the latter a stipulated penalty, agreed on in case of his leaving the service (*h*).

(*b*) *Bamfield v. Massey*; *Dodd v. Norris*, *ubi sup.*

(*c*) *Verry v. Watkins*, 7 C. & P. 308.

(*d*) *Dodd v. Norris*, *ubi sup.* But, from the analogy of the decisions in affiliation cases, it would seem that such questions may be put, and even evidence be given in contradiction, if it goes to show that some one else may have been the father of the child: *Garbutt v. Simpson*, 32 L. J. M. C. 186; and see *R. v. Gibbons*, 31 L. J. M. C. 98.

(*e*) *Carpenter v. Wall*, 11 A. & E. 803.

(*f*) *Reddie v. Scoolt*, 1 Peake, 240.

(*g*) *Gunter v. Astor*, 4 Moo. 12. The action lies for enticing away the plaintiff's daughter, though there may have been no binding contract of service: *Erens v. Walton*, L. R. 2 C. P. 615; 36 L. J. C. P. 307.

(*h*) *Bird v. Randall*, 3 Burr. 1346.

Adultery.

10. By the Act which established the present Divorce Court, 20 & 21 Vict. c. 85, actions for criminal conversation were abolished (i). It is, however, by the same Act provided that a husband may in a suit for dissolution of marriage, or for judicial separation, or in a petition limited to such object only, claim damages from any person on the ground of adultery with the petitioner's wife ; and the claim is to be tried on the same principles, and subject to the same rules, as actions for criminal conversation were previously tried and decided in Courts of Common Law. After the verdict the Court has power to direct in what manner the damages are to be applied, and to direct the whole or a part to be settled for the benefit of the children of the marriage, or for the maintenance of the wife (k).

Grounds of
damage in
crim. con.

The general principles upon which damages were given in crim. con. were laid down with great clearness by an eminent judge. He said, "The action lies in this case for the injury done to the husband in alienating his wife's affections, destroying the comfort had from her company, and raising children for him to support and provide for ; and as the injury is great, so the damages given are commonly very considerable. But they are properly increased or diminished by the particular circumstances of each case. The rank and quality of the plaintiff ; the condition of the defendant ; his being a friend, relation, or dependant of the plaintiff ; or being a man of substance ; proof of the plaintiff and his wife having lived comfortably together before her acquaintance with the defendant, and her having always borne a good character till then ; and proof of a settlement or provision for the children of the marriage, are all proper circumstances of aggravation" (l). It will only be necessary to add a few words in elucidation of this summary.

As almost the whole foundation of this action consisted

(i) S. 59.

(k) S. 33. See *Comyn v. Comyn and Humphreys*, 32 L. J. P. M. & A. 210. The insertion of a claim for damages does not affect the discretion as to costs given to the Court by s. 51 : *West v. West and Parker*, L. R. 2 P. & D. 196 ; 40 L. J. P. & M. 11.

(l) Bull, N. P. 27. In *Bell v. Bell and Marquis of Anglesey*, 29 L. J. P. M. & A. 159, the jury were allowed to take the marriage settlement into consideration in assessing the damages, there being no children of the marriage, and the Court therefore having no power to deal with the settlements under 22 & 23 Vict. c. 61, s. 5.

in the loss of the wife's society and affection, it was most important with a view to damages, to ascertain what the extent of this loss was, and how far it had been caused by the acts of the defendant.

Where the plaintiff had entirely given up the society of his wife, he could not sue in respect of acts of adultery subsequent to the separation (*m*); but it was different where, though separated, he had still retained a right to the assistance of his wife, in the management and care of his family (*n*). It was held too, that even a complete separation, if without deed, would be no bar to an action, since there was nothing to prevent the plaintiff instituting a suit to regain the society of his wife (*o*). Of course the same rule applied more strongly where the separation was a mere matter of mutual convenience; as where the husband and wife were living in different families (*p*). Such facts, however, would go strongly to reduce the damages (*q*).

Separation
between
husband and
wife.

There is a curious case in which the husband had never known of his wife's infidelity till the eve of her death, when she herself disclosed it to him, and he then continued to treat her kindly till she died. It was held that the action was maintainable. Coleridge, J., said, in charging the jury, "The only grounds on which you ought to give damages to the plaintiff are, the shock which has been given to his feelings, and the loss of the society of his wife down to the time of her death" (*r*).

Another mode of testing the loss sustained by the husband, was to ascertain the amount of enjoyment he used to derive from the society of his wife, and the terms upon which they lived with each other. With this view, not only their conduct when they were together, but their letters were admissible, even though written to a third party, and containing other matter which would not be evidence (*s*). But it was necessary to show

Evidence of
the terms
upon which
they lived.

(*m*) *Weedon v. Timbrell*, 5 T. R. 360.

(*n*) *Chambers v. Caulfield*, 6 East, 244.

(*o*) *Graham v. Wigley*, per Abbott, C.J., 2 Rep. Husb. & W. 323.

(*p*) *Edwards v. Crock*, 4 Esp. 39.

(*q*) See *Calcraft v. Lord Harborough*, 4 C. & P. 499.

(*r*) *Wilton v. Webster*, 7 C. & P. 198.

(*s*) *Willis v. Bernard*, 8 Bing. 376; *Keyse v. Keyse*, 11 P. D. 100; 55 L. J. P. D. A. 54. As to letters between husband and wife, see *Stone v. Stone and Appleton*, 34 L. J. P. M. & A. 33.

that the letters were written at the time they bore date, and before suspicion was entertained of the wife's misconduct (*t*). Evidence might also be received of the wife's complaints as to her husband's ill-treatment of her, though not made in his presence, as showing the manner in which the parties lived together (*u*).

Infidelity of husband.

Lord Kenyon, on two occasions, held that open infidelity on the part of the husband went in bar of the action (*x*). Lord Alvanley, however, decided that it only went in mitigation of damages (*y*). A discretionary power is now given to the Court to pronounce a decree for dissolution of marriage where the petitioner has himself been guilty of misconduct (*z*).

Character of wife.

The plaintiff's loss depended also, of course, on the previous character of his wife. Accordingly evidence that the wife was living as a prostitute, or that she had committed previous acts of misconduct, before the adultery charged, and without the husband's privity, went in mitigation of damage (*a*). But acts of this sort, committed subsequently, could not be used for this purpose, for they might be the direct result of the degradation brought upon her by the defendant (*b*).

Husband himself to blame.

Where the husband was himself, knowingly, the cause of his own disgrace, no action at all lay (*c*). But evidence of mere carelessness, and neglect of the husband, in not putting a stop to culpable familiarities, went merely in reduction of damages, unless amounting to connivance (*d*). The plaintiff was entitled to recover unless he had in some degree been a party to his own

(*t*) *Edwards v. Crock*, 4 Esp. 39 : *Trelawney v. Colman*, 1 B. & A. 90 : *Houlston v. Smyth*, 2 C. & P. 24.

(*u*) *Winter v. Wroot*, 1 M. & Rob. 404.

(*x*) *Sturt v. Marquis of Blandford* : *Windham v. Wycombe*, 4 Esp. 17.

(*y*) *Bromley v. Wallace*, 4 Esp. 237. A witness cannot in any proceeding instituted in consequence of adultery, be cross-examined as to any act of adultery, unless he or she has already given evidence in the same proceeding in disproof of it (32 & 33 Vict. c. 68, s. 3) ; therefore a husband petitioning for dissolution of marriage cannot, with a view to mitigation of damages, be asked questions tending to show that he had been guilty of adultery in the lifetime of his first wife : *Babbage v. Babbage and Manning*, L. R. 2 P. & D. 222.

(*z*) 20 & 21 Vict. c. 85, s. 31. As to the exercise of the discretion, see *Latour v. Latour and Weston*, 31 L. J. P. M. & A. 66 ; 2 Sw. & Tr. 524 : *Goode v. Goode and Hamson*, 30 L. J. P. M. & A. 105 ; 2 Sw. & Tr. 253.

(*a*) *Smith v. Allison*, Bull. N. P. 27.

(*b*) *Elsam v. Paucett*, 2 Esp. 562 : *Winter v. Henn*, 4 C. & P. 494.

(*c*) *Smith v. Allison*, *ubi sup.*

(*d*) *Duberley v. Gunning*, 4 T. R. 655.

dishonour, either by giving a general licence to his wife to conduct herself as she pleased with men generally, or by assenting to the particular act of adultery with the defendant, or by having totally and permanently given up all the advantage to be derived from her society (*e*). So under 20 & 21 Vict. c. 85, s. 30, if the petitioner has been an accessory to or has connived at the adultery, the petition must be dismissed. Connivance has been defined to be something more than mere negligence, inattention, or indifference. There must be an intention on his part that his wife should commit adultery, or at any rate a willing consent (*f*).

Even where there was no pretence of connivance on the part of the plaintiff, damages were reduced by anything which showed that the defendant was led into the crime by circumstances not originating with himself. Therefore, where the woman was an actress, married privately, living apart from her husband, in the pursuit of her profession, Tindal, C.J., said, "You may consider, in estimating the damages, how far the plaintiff interfered to protect his wife from the temptations to which, by her profession, she was exposed. You may also consider whether the defendant knew that she was a married woman, or might conclude that she was still single, and attending as an actress at the theatre" (*g*). And so the fact that the defendant was first solicited by the wife had the same effect (*h*). Where the husband and wife had been living an unhappy life, and she had left him of her own accord, after which she formed a connection with the co-respondent; Sir James Hannen left it to the jury to consider, in mitigation of damages, whether the husband had made any effectual efforts to discover where she was, so as to prevent that misconduct which would be the natural result of her being left alone without any means of support (*i*).

Defendant
mailed or
solicited.

We have seen that the defendant's condition, and his being a man of substance, were relied on by Buller, J., as matters

Evidence of
defendant's
wealth.

(*e*) *Winter v. Henn*, *ubi sup.*, per Alderson, B.

(*f*) *Allen v. Allen*, 2 Sw. & Tr. 108, n. (1); *Marris v. Marris*, 2 Sw. & Tr. 530; 31 L. J. P. M. & A. 69; *Ellyatt v. Ellyatt, Taylor, and Halse*, 3 Sw. & Tr. 504; 33 L. J. P. M. & A. 137; *Adams v. Adams and Colter*, L. R. 1 P. & D. 333.

(*g*) *Culcraft v. Lord Harborough*, 4 C. & P. 499.

(*h*) *Elsam v. Fawcett*, 2 Esp. 562.

(*i*) *Keyse v. Keyse*, 11 P. D. 100; 55 L. J. P. M. & A. 54.

which properly enhanced the damages (*k*). In one case, however, Alderson, B., refused to admit evidence of the amount of the defendant's property. He said that in actions of this kind, a plaintiff is entitled to as much damage as a jury shall think is a compensation for the injury he has sustained, and the amount of the defendant's property is not a question in the cause (*l*). And this rule has been followed in the Divorce Court. Sir C. Cresswell said, "The jury had to say what was the value to the husband of that which he had lost through the instrumentality of the co-respondent. It was not a question what the co-respondent is worth, because if he could not pay in purse he must pay in person. But if a man made use of his wealth in order to corrupt a woman, the jury might conclude she was not easily corrupted, and was therefore of more value to her husband" (*m*).

Former recovery where there were several para-mours.

Application of damages by Court.

A former recovery against one defendant for adultery, was no bar to an action against another defendant, for a similar injury during the same time (*n*), for each might have inflicted a very different degree of wrong upon the plaintiff (*o*).

In directing in what manner the damages should be applied, the Court for Divorce and Matrimonial Causes has most usually allowed the petitioner his costs which have not been taxed against the co-respondent. With the residue, provision has been made for the maintenance of the wife (*dum casla vixerit*), and children, by purchasing annuities for them or by investing the amount, the wife taking the interest, and the principal sum passing to the children at her death (*p*). It has been ruled in the same Court that if the co-respondent does not appear, the

(*k*) *Ante*, p. 510.

(*l*) *James v. Biddington*, 6 C. & P. 590.

(*m*) *Forster v. Forster*, 33 L. J. P. M. & A. 150, n.: *Cwiving v. Cwiving*, *ib.* 149: *Keyse v. Keyse*, 11 P. D. 100.

(*n*) *Gregson v. M'Taggart*, 1 Camp. 415.

(*o*) *Gregson v. Thraker*, 1 Camp. 415, n.

(*p*) See *Latham v. Latham and Gerth*, 30 L. J. P. M. & A. 43: *Clarke v. Clarke*, 31 L. J. P. M. & A. 61: *Narracott v. Narracott and Hesbeth*, 33 L. J. P. M. & A. 132: *Hillingay v. Billingay and Thomas*, 35 L. J. P. M. 84: *Cullwell v. Cullwell and Kennedy*, 3 Sw. & Tr. 259: *Forster v. Forster and Berridge*, 3 S. & T. 158: 8 C. 4 S. & T. 131: 34 L. J. P. M. & A. 88. In *Taylor v. Taylor and Wolters*, 39 L. J. P. & M. 23, nothing was given to the wife. And where there had been no issue of the marriage, and the respondent was living with the co-respondent, the Court directed the damages to be paid to the petitioner: *Evans v. Evans and Bird*, L. R. 1 P. & D. 36.

jury are bound to take for granted that he committed the adultery. Therefore, even when they found that the respondent had not committed adultery with the co-respondent they were directed to assess the damages at a nominal sum against the latter (q). If the co-respondent appears but does not file an answer, he cannot cross-examine witnesses or address the jury in mitigation of damages, but after decree he may recall and cross-examine witnesses and address the Court upon the question of costs, as for example by showing that the co-respondent did not know the respondent to be a married woman (r).

(q) *Stone v. Stone and Appleton*, 34 L. J. P. M. & A. 40, n. And evidence is admissible to aggravate the damages as against the co-respondent: *Ib.*; 3 Sw. & Tr. 608.

(r) *Lyne v. Lyne and Blackney*, 37 L. J. P. M. & A. 9.

CHAPTER XVI

BREACH OF STATUTORY OBLIGATION.

WHEN a statute directs (*a*) an individual or corporation to do or abstain from a particular act, an obligation to conform to the directions of the statute is imposed, which in some mode or other may be enforced. Where an individual is injured by breach of a statute, he has in general a remedy by action. But whether he has or has not a remedy, and what the nature of his remedy is, will depend upon the object and wording of the statute.

No action for
public wrong.

I. Disobedience to a statute which, for public and general objects, orders or forbids any particular act, is, in the absence of any countervailing provision, indictable as a misdemeanour at common law (*b*). The mere fact that such disobedience injures a private individual does not give him a right of action. "Where a statute prohibits the doing of a particular act affecting the public, no person has a right of action against another merely because he has done the prohibited act. It is incumbent on the party complaining to allege and prove that the doing of the act prohibited has caused him some special damage, some peculiar injury beyond that which he may be supposed to sustain in common with the rest of the Queen's subjects, by an infringement of the law. But where the act prohibited is obviously prohibited for the protection of a particular party, there it is not necessary to allege special damage" (*c*). For instance, the owner of a ferry may sue

Special
damage a
ground of
action.

(*a*) See *Julius v. Bishop of Oxford*, 5 App. Cas. 214, as to the circumstances under which enabling words will be construed as compulsory.

(*b*) *R. v. Wright*, 1 Burr. 543. No indictment lies for breach of a statute which merely regulates private rights: *R. v. Richards*, 8 T. R. 634.

(*c*) *Per* Pollock, C.B., *Chamberlaine v. Chester and Birkenhead Ry. Co.*, 1 Exch. 870, at p. 876; 18 L. J. Ex. 494, at p. 496.

a railway company, which is forbidden by statute to make a branch line to other ferries on the same river, until a similar branch has been made to his ferry (*d*). So when a statute imposes a duty to perform certain ministerial obligations for the benefit of a particular class of persons, any one of that class who is injured by the breach of such duties may sue for damages (*e*). And on the same principle, where a harbour was vested in the defendants, and they were authorised to levy certain dues upon ships entering and leaving the harbour, which they were to apply to buoying and lighting the harbour and channel, and they omitted to buoy a wreck which was lying in the channel, in consequence of which the plaintiff's vessel was wrecked; it was held that he was entitled to recover as damages the amount of the loss so incurred (*f*).

On the other hand, the mere existence of special damage arising to an individual from breach of statute, does not entitle him to sue, unless he is one of the class of persons whom the statute intended to protect, and unless the harm arising from the breach was of the sort which the statute intended to prevent. For instance, an Act which prohibits sending infected animals into a public place, is aimed at protecting other animals in such places, and their owners. No action can be brought upon it by a person who, finding the animal in such a place, buys it, and then suffers loss in consequence of the diseased condition of his purchase (*g*). So a statutory order made under the Contagious Diseases (Animals) Act, directed that sheep brought by sea should be placed in substantial pens, the object of the order being to prevent disease. The plaintiff's sheep were entrusted to the defendant, a shipowner, to carry, and were not placed in pens, and were washed over by the sea, a result which would not have taken place if they had been penned up. It was held that no action could be maintained upon the statute, as it was not intended to guard the animals against the perils of the sea (*h*).

if within the mischief of the statute.

II. Where an action will lie in respect of a matter provided

Form of action on statute.

(*d*) *Ib.*, *ubi sup.*: *Bridgland v. Shapter*, 5 M. & W. 375.

(*e*) *Pickering v. James*, L. R. 8 C. P. 489; 42 L. J. C. P. 217.

(*f*) *Dormont v. Furness Ry. Co.*, 11 Q. B. D. 496; 52 L. J. Q. B. 331.

(*g*) *Ward v. Hobbs*, 4 App. Cas. 13; 48 L. J. Q. B. 281, *ante*, p. 20.

(*h*) *Gorris v. Scott*, L. R. 9 Ex. 125; 43 L. J. Ex. 92.

for by statute, numerous distinctions arise as to the form in which the action may be brought, and the person who is entitled to bring it. The general rules of law upon the first branch of the subject have been laid down as follows by Willes, J., in *Wolverhampton New Waterworks Co. v. Hackesford* (i): "There are three classes of cases in which a liability may be established founded upon a statute. One is, where there was a liability existing at common law, and that liability is affirmed by a statute which gives a special and peculiar form of remedy different from the remedy which existed at common law. There, unless the statute contains words which, expressly or by necessary implication, exclude the common law remedy, the party suing has his election to pursue either that or the statutory remedy. The second class of cases is, where the statute gives the right to sue merely, but provides no particular form of remedy. There the party can only proceed by action at common law. But there is a third class, viz., where a liability not existing at common law is created by a statute, which at the same time gives a special and particular remedy for enforcing it. There the remedy provided by the statute must be followed, and it is not competent to the party to pursue the course applicable to cases of the second class. The form given by the statute must be adopted and adhered to."

Affirmance of
common law
right.

1. The first class of cases above referred to may be illustrated by the following decisions. The plaintiffs sued at law on behalf of a benefit society to recover from the defendant, an officer of the society, certain monies which had been placed in his hands. A statute provided that in such a case the defaulter might be proceeded against by petition to the Court of Chancery or the Exchequer Court. It was held that this remedy was cumulative, and did not deprive the plaintiffs of their right to sue at law (j).

A contrary decision was given under the following circumstances. Sect. 243 of the Merchant Shipping Act (17 & 18 Vict. c. 104), provides that a sailor who refuses to join his ship may be brought before justices, who may inflict a certain amount of imprisonment, and may also direct that he shall

(i) 6 C. B. N. S. at p. 356; 28 L. J. C. P. at p. 246.

(j) *Sharp v. Warren*, 6 Price. 131.

forfeit a certain portion of his wages. It was held by the Court, though not without doubt, that this section was a bar to a suit at common law for damages for breach of contract, or to a proceeding to enforce damages limited to 10*l.*, under the Employers and Workmen Act, 1875 (38 & 39 Vict. c. 90), s. 4. The Court said that if s. 243 had stopped at inflicting imprisonment, there would have been little, if any, ground for saying that the general remedy was intended to be interfered with, for the imprisonment might well have stood with the right of action, and would have been cumulative merely. But that when the statute went on to limit the damages resulting from the breach of contract to a definite portion of the wages, which might be much less than the damages at common law, it evinced an intention to confer a new right, inconsistent with and limiting the old one, which was to be exercised in lieu, and not in aid, of the general remedy (*k*).

Substitution
of statutory
for common
law remedy.

The same rule applies where successive statutes are passed in regard to the same subject-matter. An affirmative statute giving a new right does not of itself, and by necessity, destroy a previously existing right, already created by statute. But it has that effect, if the apparent intention of the statute is that the two rights should not exist together (*l*).

Successive
statutes.

2. Where the statute creates a right, but gives no remedy for its breach, the injured party is obviously left to a suit for damages. A certain statute authorised the making of rules to regulate the use of adjoining mines. By s. 29, compliance with the rules might be enforced by injunction of the Court of Exchequer, or otherwise, in such manner as that Court should on application think fit. The defendant broke one of the rules to the injury of the plaintiff, who sued for damages. It was held that the statute provided a mode of enforcing the rules, but contained no remedy for their breach, and that therefore an action at common law would lie (*m*).

Statute giving
a right with-
out special
remedy.

3. Where a statute creates a new obligation, by forbidding

Statutory
right with
special
remedy.

(*k*) *Gt. Northern Fishing Co. v. Edgehill*, 11 Q. B. D. 225. The section in question is repealed so far as regards the imprisonment by 43 & 44 Vict. c. 16, s. 12, but otherwise stands.]

(*l*) *O'Flaherty v. M'Donnell*, 6 H. L. C. 142, at p. 157.

(*m*) *Ross v. Rugeley*, 1 Ex. D. 269; 45 L. J. Ex. 777; *Dormont v. Furness Ry. Co.*, *ante*, p. 517. See as to action for overcharges under the Railway and Canal Traffic Act, 1854, s. 2, *Denaby Main Colliery Co. v. Manch. Sheffield & Lincoln Ry. Co.*, 11 App. Cas. 97; 55 L. J. Q. B. 181.

an act which was previously innocent, or by compelling an act which was previously optional, and directs that this obligation shall be enforced in a particular way, no other remedy can be had. The question here is, upon the construction of the statute, whether the right and the remedy are not inseparably connected ; or rather, whether there is any right except that of enforcing the particular remedy given by the legislature (n).

Appeal.

On the same principle, where the duty of enforcing a statutory right has been entrusted to a special tribunal, no appeal will lie against its decision, unless the legislature has expressly or by implication created an appeal (o).

Criminal cases.

In criminal cases the rule has been stated to be "that where an offence is not so at common law, but made an offence by Act of Parliament, yet an indictment will lie where there is a substantive prohibitory clause in such Act of Parliament, although there be afterwards a particular provision, and a particular remedy given ; but it is otherwise where the Act is not prohibitory, but only inflicts the penalty and specifies the remedy" (p). Here the right of the Crown to proceed by indictment necessarily arises on the creation of the offence, and the mode of procedure is only restricted where the prohibition and the penalty are contained in the same proviso. But in civil cases the question is whether any right to sue is created in any private individual, and this must be determined by an examination of the whole framework and intention of the statute, and does not depend upon the circumstance that the prohibition and the penalty are or are not contained in the same section.

(n) *Doe v. Bridges*, 1 B. & Ad. 847, p. 859. Accordingly, actions were held not to lie for school board fees : *School Board for London v. Wright*, 12 Q. B. D. 578 ; 53 L. J. Q. B. 266. Nor for refusing to give a seaman a certificate of discharge : *Vallance v. Falle*, 13 Q. B. D. 109 ; and 53 L. J. Q. B. 459 : *Pasmore v. Oswaldtwistle*, [1898] A. C. 387 : *Johnston v. Consumers' Gas Co. of Toronto*, *ibid.* 447 : *Grand Junction Waterworks Co. v. Hampton Urban District Council*, [1898] 2 Ch. 331.

(o) *Rez v. Cashibury*, 3 Dow. & Ry. 35 : *per* Lord Westbury, *Att.-Gen. v. Sillem*, 10 H. L. C. p. 720 : *Minakshi v. Subramaniya*, L. R. 14 I. A. 160 : *Vanda v. Newcasttle Commissioners*, [1899] A. C.

(p) *Per* Denison, J., *It. v. Wright*, 1 Burr. p. 545 : *per* Ashurst, J., *R. v. Harris*, 4 T. R. p. 205 : *Reg. v. Hall*, [1891] 1 Q. B. 747 ; 60 L. J. M. C. 124. The Judicial Committee has laid it down "that when a statute inflicts a penalty for not doing an act, the penalty implies that there is a legal compulsion to do the act in question ; and that this principle is not affected by the fact that a penalty has a particular destination ;" *Redpath v. Allen*, L. R. 4 P. C. 511 ; 42 L. J. Adm. 8.

In *Hartnall v. The Ryde Commissioners* (g), the defendants were directed to repair certain roads, and a subsequent section made them indictable for a misdemeanour if they refused or neglected to repair. It was decided that a private person, who was specially injured by the non-repair, might sue for damages. Here the Court held that the section which rendered the Commissioners indictable, took away the liability to repair from the parish, and imposed it upon them. On the other hand there are numerous cases where the Courts have refused to allow actions for non-repair to be maintained against surveyors of highways, or local bodies, who were entrusted with the function of carrying out repairs, for which the parish was and remained liable (r). Here the Court was of opinion that the statute did not mean to impose a liability to be sued, which did not exist as against the parish, whose primary obligation to repair still survived. The case of *Hartnall v. Ryde Commissioners* can no longer be relied on as a sufficient warrant for the broad proposition that whenever persons can be proceeded against by way of indictment for non-repair, an action will lie at the suit of anyone sustaining special damage (s).

Civil cases.

In the case of *Couch v. Steel* (t), the Court of Queen's Bench laid down a broad principle as to the right to sue for breach of statute, which, however, has failed to meet with acceptance in a later case before the Appellate Court. There the Act 7 & 8 Vict. c. 112, s. 18, provided, that every sea-going ship should have on board a sufficient supply of medicines, and specifically of lime juice, sugar, and vinegar, which latter should be served out whenever the crew was being dieted on salt provisions. In case of default in keeping the supply of medicines, the owner was to incur a penalty of 20*l.* for each default; and the master a penalty of 5*l.* for each default in serving out the lime juice. By s. 62 of the Act all penalties (including the above) were recoverable at the suit of Her Majesty's law officers, or at the

Couch v. Steel.

(g) 4 B. & S. 361; 33 L. J. Q. B. 39.

(r) *Young v. Davis*, 7 H. & N. 760; 31 L. J. Ex. 250; affirmed 2 H. & C. 197; *Parsons v. St. Matthew, Bethnal Green*, L. R. 3 C. P. 56; 37 L. J. C. P. 62; *Gibson v. Mayor of Preston*, L. R. 5 Q. B. 218; 39 L. J. Q. B. 131; *Cowley v. Newmarket Local Board*, [1892] A. C. 345; *Municipal Corporation of Sydney v. Bourke*, [1895] A. C. 433.

(s) *Municipal Corporation of Sydney v. Bourke*, [1895] A. C. 433; see at p. 442.

(t) 3 E. & B. 402; 23 L. J. Q. B. 121.

suit of any person, by information and summary proceeding before justices. The plaintiff, who was a seaman on board the defendant's vessel, sued for breach of the obligation to keep proper medicines on board, alleging illness, and special damage arising from inability to be cured. The action was held to be maintainable. Lord Campbell, C.J., in delivering judgment said, that as far as the public wrong was concerned there was no remedy but that prescribed by the Act of Parliament, the penalty being annexed to the offence in the very clause of the Act creating it. That as regards the special wrong done to the plaintiff, if the statute had prescribed a particular mode by which a person sustaining actual damage by reason of a breach of the duty imposed by the statute was to receive compensation, undoubtedly that mode could only be adopted. But in this case the penalty was recoverable by a common informer. There was no provision for compensation to a person sustaining special damage by reason of a breach of the duty prescribed by the Act. Nor were there any words taking away the right which the injured party would have at common law to maintain an action for special damage arising from the breach of a public duty; the penalty given by the statute being applicable only to the public wrong, and not to the private damage. That being so, the Court said that no authority had been cited to them, nor were they aware of any in which it had been held, that in such a case the common law right to maintain an action in respect of a special damage, resulting from the breach of a public duty (whether such duty exists at common law or is created by statute), was taken away by reason of a penalty recoverable by a common informer being annexed as a punishment for the non-performance of the public duty.

*Atkinson v.
Newcastle
Waterworks.*

This case was naturally relied upon in the later case of *Atkinson v. Newcastle & Gateshead Waterworks Co. (u)*. There the company was constituted under an Act which contained the following provisions. By s. 35 the company was bound to provide water, at a certain high pressure, for all private owners who were willing to pay for it. By s. 36 penalties at certain rates were to be paid to the owners who were not so provided.

(u) L. R. 6 Ex. 404 : reversed 2 Ex. D. 441 ; 46 L. J. Ex. 775.

By s. 37, the company was to keep a supply of water for public purposes, not including the extinction of fire, which was also to be paid for. By s. 38, they were to fix fire plugs to be used in case of fire; and by s. 42, they were to keep the pipes to which such fire plugs were attached charged at high pressure, unless prevented by certain specified causes, the use of the water in case of fire being gratuitous. Section 43 provided that in case of breach of any of the foregoing sections, the company should be liable "to a penalty of 10*l.*, and should also forfeit to the town commissioners, and to every person having paid or tendered the rate, the sum of 40*s.* for every day during which such refusal or neglect should continue after notice in writing of the want of supply." The plaintiff's declaration alleged that in consequence of the defendant's neglect to keep their pipes properly charged, he had been unable to procure a proper supply of water when a fire broke out upon his premises, whereby they were burnt down. On demurrer, the Court of Exchequer held the declaration to be good, relying upon the authority of *Couch v. Steel*. This decision was reversed upon appeal. The Court said that considering the special objects of the statute, by which a private company undertook special duties for purposes of profit, it was unlikely that the legislature had intended to impose upon them, or that they had intended to accept such very large liabilities, for breach of the only duty which was unaccompanied by reward. In this conclusion they were fortified by the framework of s. 43. By its breaches of duties towards private owners, for which such owners were to pay, were visited with penalties which went to the owners. In such cases it was admitted by *Couch v. Steel*, that no action was maintainable except for the penalties. Where the duties were of a more public character, the penalties went to the commissioners, but it was unlikely that actions should be maintainable in the latter case which were excluded in the former. As regards *Couch v. Steel*, all the judges admitted that there was a difference between the statutes in the two cases, which would render it unnecessary for them to overrule that decision, but they expressed much doubt as to the general principle there laid down. Lord Cairns, L.C., said (r),

Statute must contemplate action by person injured.

(r) 2 Ex. D. p. 448, followed: *Johnston v. Gas Co. of Toronto*, [1898] A. C. p. 454; *Saunders v. Holborn District*, [1895] 1 Q. B. 64.

"I must venture, with great respect to the learned judges who decided that case, and particularly to Lord Campbell, to express grave doubts whether the authorities cited by Lord Campbell justify the broad general proposition that appears there to have been laid down,—that, wherever a statutory duty is created, any person who can show that he has sustained injuries from the non-performance of that duty, can bring an action for damages against the person on whom the duty is imposed. I cannot but think that that must, to a great extent, depend on the purview of the legislature in the particular statute, and the language which they have there employed, and more especially when, as here, the Act is not an Act of public and general policy, but is rather in the nature of a private legislative bargain with a body of undertakers as to the manner in which they will keep up certain public works." Lord Justice Brett, also, while pronouncing no opinion as to the actual decision in *Couch v. Steel*, said, "I am bound to say that I entertain the strongest doubt whether the broad rule there enunciated can be maintained; the rule, that is to say, that where a new duty is created by statute, and a penalty is imposed for its breach, which penalty is to go to the person injured by such breach, the penalty, however small and inadequate a compensation it may be, is in such a case to be regarded as indicating an intention on the part of the legislature that there should be no action by such person for damages, but that, where a similar duty is created, and a similar penalty imposed, which is not to go to the person injured, then the intention is that he is to have a right of action. I do not think that proposition can be supported."

Destination of
penalty not
conclusive as
to right to sue.

*Groves v.
Wimborne.*

The principle of this decision was followed in a recent case (*w*), where its application led the Court to a different conclusion as to the right of action. The Factory and Workshop Act, 1878, by s. 5, imposes a general obligation to fence dangerous machinery. Section 81 provides that the occupier of a factory or workshop not kept in conformity with the Act shall be liable to a fine not exceeding 10*l.*, imposed by a Court of summary jurisdiction. Section 82 directs that in case death or bodily injury is caused to any person in consequence

(*w*) *Groves v. Wimborne*, [1898] 2 Q. B. 402.

of the occupier having neglected to fence in dangerous machinery in pursuance of the Act, "the occupier of the factory or workshop shall be liable to a fine not exceeding 100*l.*, the whole or any part of which may be applied for the benefit of the injured person or his family or otherwise as a Secretary of State determines." Section 87 contains provisions by which, if it appears that the owner or occupier had used diligence to enforce the execution of the Act, and that the offence had been in fact committed by some other person, the proceedings under the Act should be taken against that other person, and the occupier should be exempt from fine. In the particular instance the plaintiff, through neglect to fence in a steam winch, was caught in the wheels, and suffered injury which rendered necessary the amputation of his arm. He sued the occupier for damages resulting from his neglect. It was held at the trial that the action would not lie. On appeal this decision was reversed. It was held that on consideration of the whole purview of the Act, it could not "have been the intention of the legislature that the provision which imposes upon the employer a fine as a punishment for neglect of his statutory duty should take away the *prima facie* right of the workman to be fully compensated for injury occasioned to him by that neglect."

There is a distinction between compelling the performance of a statutory duty and punishing its breach. No provision of a special remedy for violation of a statute will be a bar to an injunction to enforce its observance, where such an injunction would properly issue (*x*). Injunction.

III. Where the only remedy for breach of a statute is by suing for penalties, a further question arises, whether one penalty only or several can be recovered. This, like the subject-matter of the previous discussion, must be determined by reference to the language and intention of the statute. In general, the legislature when it intends to accumulate penalties, says so distinctly, by affixing the penalty to each repetition of the act, or to every day during which it is continued. Frequently, however, the Act first creates an offence, and then inflicts a penalty for every such offence, and the question arises whether conduct extending over a duration of time is a Cumulative penalties.

(*x*) *Cooper v. Whittingham*, 15 Ch. D. 501 ; 49 L. J. Ch. 752.

continuance of one offence, or a repetition of it, amounting to several offences. In such a case, Denman, J., said, "In all the discussions it seems to me that the distinction is between cases where the penalty is imposed in respect of a complex and continuous act, and those where it is imposed in respect of a single uncomplicated offence, which is complete and may be proved by evidence of one isolated act" (y). In other words, does the statute intend to forbid a particular course of conduct, which may be evidenced by successive acts, or does it intend to forbid the successive acts themselves? In the former case only one penalty can be recovered, and where a common informer may sue, only one such informer may bring an action. In the latter case a succession of penalties is recoverable, and each suit may be started by a new informer. For instance, only one offence is committed by exercising a man's ordinary trade on Sunday (z); by going in pursuit of game with a dog and a gun on the same day (a); by omitting several returns in respect of articles taxable in several places under the same statute (b); by allowing a child to remain unvaccinated for three months from its birth (c); by keeping an unlicensed house for music and dancing (d). On the other hand, under the various statutes which forbid the sale of unwholesome meat, of unlawful copies of works of art, or the commission of bribery, each fresh sale, or each act of bribery, is a distinct offence, punishable by a distinct penalty (e).

Cursing.

Cursing occupies an intermediate position. "Where several oaths are made use of on one occasion it is but one swearing, and consequently there is only one offence, and only one penalty is incurred, though such penalty is cumulative, being at the rate of two shillings for each oath; but if the same set of oaths were used on two distinct occasions, though they all occurred on the same day, there would be several offences, and a penalty would be incurred for each distinct swearing. There

(y) *Milnes v. Bale*, L. R. 10 C. P. at p. 597.

(z) *Crepps v. Durdan*, Cowp. 640.

(a) *R. v. Lovet*, 7 T. R. 152.

(b) *Attorney-General v. McLean*, 1 H. & C. 750; 32 L. J. Ex. 101.

(c) *Pilcher v. Stafford*, 4 B. & S. 775; 33 L. J. M. C. 113.

(d) *Garrett v. Messenger*, L. R. 2 C. P. 583. So for practising as an apothecary: *Apothecaries' Co. v. Jones*, [1893] 1 Q. B. 89.

(e) *Re Hartly*, 31 L. J. M. C. 232; *Ex parte Beal*, L. R. 3 Q. B. 387; 37 L. J. Q. B. 161; *Milnes v. Bale*, L. R. 10 C. P. 591; 44 L. J. C. P. 336.

is no decision that if a man swore at one person at one time of the day, and at another person at another time, he would not be liable to two penalties. In such a case he would be liable to two penalties, because there would be two offences" (f).

IV. When the particular form of remedy provided by a statute is resorted to, either by choice or because no other is available, a further question arises, who is entitled to enforce this remedy?

There are four classes of parties who may sue for statutory penalties :—1. Parties aggrieved by breach of the statute; 2. Common informers; 3. Parties specially denoted by the statute; and 4. The Crown. In every case except the last the right to sue must be made out, expressly or by implication, from something contained in the statute. No private person can sue for a statutory penalty unless it appears from the statute that he was intended to do so (g).

Who may sue
for penalties.

1. The meaning of the term "party aggrieved" was discussed in the recent case of *Robinson v. Currey* (h), where Bramwell, L.J., said, "The expression 'party aggrieved' is not a technical expression; the words are ordinary English words, which are to have the ordinary meaning put upon them. A party aggrieved is not brought into existence by the statute which gives him a penalty, he is a person who is supposed to exist, and the statute is passed on account of his grievance, and the action for penalty is given to him. There may be cases in which the statute states who is the party aggrieved, but a party aggrieved is a person who exists, and on account of his existence and his grievance the statute gives him a remedy. A person who is not otherwise aggrieved than as one of the general public, is not a party aggrieved in the proper meaning of the phrase, and cannot sue for penalties which by the statute are reserved for such a party" (i).

Who is a party
aggrieved.

When a statute is passed to improve the position of any person, or class of persons, aggrieved in the above sense, if a penalty or forfeiture is imposed, and nothing is said as to its

When he may
sue.

(f) *Per* Brett, J., L. R. 10 C. P. at p. 595; 44 L. J. C. P. at p. 339; following *Reg. v. Scott*, 4 B. & S. 368; 33 L. J. M. C. 15.

(g) See *per* Lord Selborne, C. 8 App. Cas. at p. 358.

(h) 7 Q. B. D. 465. See p. 470. 50 L. J. Q. B. 561. See too *In re Rivière's Trade Mark*, 26 Ch. D., pp. 54—57.

(i) *Boyce v. Higgins* 14 C. B. 1; 23 L. J. C. P. 5.

disposition, it goes to and may be sued for by the party aggrieved. This was so laid down in reference to the statute 2 Edw. VI. c. 13, which provided that no one should carry away tithable produce before the tithes had been divided or agreed for with the person entitled to them, under the pain of forfeiture of treble value of the tithes so carried away. The treble value was sued for on behalf of the Crown, no one being named or entitled to receive it. The claim was rejected, and it was held that the party interested in the tithes should recover the treble value in an action of debt. "And whensoever a forfeiture is given against him, that doth dispossess, &c., the owner of his property, as here he doth of his tithes, there the forfeiture is given to the party grieved or dispossessed, and the rather for that this is an additional law, as hath been said, and made for the benefit of the proprietor of the tithes" (j).

So if a statute provide a remedy for the party grieved, though it do not give any express penalty or forfeiture, he may have an action upon the statute (k).

Any proceeding which the statute authorises on behalf of the party grieved, must expressly appear to be instituted by him or at his instance. It is not sufficient that the fact should be stated in the final judgment. It must be embodied in the information or statement of claim, and must be supported by the evidence (l).

Suit by
common
informer.

2. A common informer is one who, having no special interest in the observance of the statute, sues to enforce it, and to recover the penalty, either wholly for himself, or on behalf of the Crown and himself—*qui tam pro rege quam pro se ipso*. No such proceeding can be taken by a common informer, unless he is expressly authorised by statute, since at common law he has no *locus standi* whatever. Where a penal statute enacted "that any pecuniary penalty imposed by this Act, exceeding the sum of 20*l.*, may be sued for and recovered by any person who will sue for the same in any Court of Record at Westminster, and any pecuniary penalty not exceeding the sum of 20*l.* shall and may be recovered before any justice of peace;" it was

(j) 2 Inst. 650, 1 Com. Dig., Action upon Statute, F. : *Bradlaugh v. Clarke*, 8 App. Cas. 354.

(k) 2 Inst. 486. Com. Dig. *ubi sup.*

(l) *Reg. v. Daman*, 2 B. & A. 378 : *Reg. v. Hicks*, 4 E. & B. 633 ; 24 L. J. M. C. 94.

held that a common informer could not recover any penalty less than 20*l.* (*m*).

A corporation cannot sue as a common informer, unless expressly authorised to do so by statute (*n*).

3. Sometimes the statute which creates an obligation reposes in some specified person or body the right to enforce it, by suing for the penalty. The party so specified sues as a sort of public prosecutor, and is neither a common informer nor a party grieved. Consequently his proceedings are not within the periods of limitation prescribed by 31 Eliz. c. 5, s. 5, or by 3 & 4 Will. IV. c. 42, s. 3 (*o*).

Statutory
plaintiff.

4. In the absence of any provision to the contrary, either by express words or by implication, a penalty or forfeiture given by Act of Parliament belongs to, and may be sued for by, the Crown (*p*). This proposition was admitted on all hands in the recent case of *Clarke v. Bradlaugh* (*q*), but it was contended on behalf of the plaintiff, that a contrary implication did arise from the words of the statute sued on (29 & 30 Vict. c. 19, s. 5), which declared that the penalty was to be recovered by action in one of Her Majesty's Superior Courts of Westminster. It was argued that the Sovereign could only proceed by information in the Exchequer, and therefore that an ordinary suit by a common informer must have been contemplated. This contention was successful in the lower courts, but was overruled by the House of Lords, which held that the Crown could sue in any of the Superior Courts.

Suit by
Crown.

When the statute directs that one moiety of the penalties shall be to the use of the Crown, and the other moiety shall be to the use of any person who shall prosecute for the same, the Crown may sue for the entire penalty unless some private person has first sued for a moiety. And where the whole

Right to sue
shared by
Crown and
informer.

(*m*) *Fleming v. Bailey*, 5 East, 313; *Bradlaugh v. Clarke*, 8 App. Cas. 354. As to whether a common informer suing for his own benefit, and not *qui tam*, is within the limitation of time contained in 31 Eliz. c. 5, s. 5, see *Dyer v. Best*, L. R. 1 Ex. 152; 35 L. J. Ex. 105; *Robinson v. Currey*, 7 Q. B. D. 465, at p. 471; 50 L. J. Q. B. 561.

(*n*) *Guardians of St. Leonard's, Shoreditch v. Franklin*, 3 C. P. D. 377; 47 L. J. C. P. 727.

(*o*) *Robinson v. Currey*, *ubi sup.*

(*p*) Com. Dig., Forfeiture, C; affirmed 7 Q. B. D. at p. 49; 8 App. Cas. at p. 358.

(*q*) 7 Q. B. D. 38; 50 L. J. Q. B. 342; 8 App. Cas. 354; 52 L. J. Q. B. 505.

penalty may be sued for by any informer, the Crown may equally recover it, unless anticipated by any informer (*r*). Where, however, a suit has been commenced on behalf of the informer for his share of the penalties, the right to recover them is vested in him, and no subsequent act of the Crown, such as a pardon to the offender, can deprive him of his right. Even an act of indemnity subsequently passed has been construed as leaving the previously vested right intact (*s*).

(*r*) *Res v. Clark*, 2 Cowp. 610; *Res v. Hymen*, 7 T. R. 536 : affirmed *per* Lord Blackburn, 8 App. Cas. at p. 376.

(*s*) *Grosset v. Ogilvie*, 5 Bro. P. C. 527. As to the power of the Crown to remit a penalty imposed upon a convicted offender, see 22 Vict. c. 32 : *Todd v. Robinson*, 12 Q. B. D. 530.

CHAPTER XVII.

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|--|---|
| 1. <i>Actions by and against Executors.</i> | 3. <i>Actions by Principal against Agent.</i> |
| 2. <i>Actions by Trustees in Bankruptcy.</i> | 4. <i>Actions by Agent against Principal.</i> |

I PROPOSE to conclude the portion of this work which treats of the measure of damages, by examining some cases in which the parties stand in a peculiar relation to each other, which affects their right to sue, and the amount they may recover. Such a relationship exists in the case of actions by trustees in bankruptcy, and by and against executors. In all these, the damages which can be obtained may be modified, more or less, by the fact that the party to the suit is not the person originally entitled to sue or be sued, but one placed in that position by law. So far as they are not modified in this manner, they come under the ordinary rules laid down previously. Damages in actions by a principal against his agent are in general exactly the same as they would be where the parties were unconnected with each other. The case, however, admits of some remarks peculiar to itself, for which this chapter seems to present the most proper place.

I. It would be impossible, without wandering from the strict object of the present treatise, to state the cases in which actions will lie by and against executors. The subject has been so exhausted and discussed in well-known works upon the subject, that it would be waste of time to enter upon it here at any length (*a*). The broad principle upon which actions by executors rest, is, that they must be brought in respect of some wrong which affects the personal estate of the deceased. Hence an executor may sue an attorney for negligence in investigating

When
executors
may sue.

(*a*) See Wms. Exors. 693. 1593, 9th ed. : 1 Wms. Saund. 216, a. : 1 Wms. Notes to Saund. 239.

the title of an estate about to be conveyed to the testator, by means of which he took a bad title, and was unable to sell the property. And the Court remarked, that if a man contracted for a safe passage in a coach, and sustained an injury by a fall, by which his means of improving his personal property were destroyed, and that property in consequence injured, the executor might sue in assumpsit for the consequences of the breach of contract (*b*). Accordingly, quite recently, where a passenger injured on a railway died after an interval, his executrix was held entitled to recover in an action of contract the damages to his personal estate arising in his lifetime from medical expenses and loss occasioned by his inability to attend to business (*c*). And so the executor may sue for breach of a contract to complete the sale of land, whereby the deceased lost the benefit of the purchase, and was put to expense in endeavouring to procure the title, and was deprived of the use of his money deposited (*d*). Nor is it necessary to prove actual and specific damage, provided the breach of contract might possibly have caused such damage. Therefore, the executor may sue for breach of covenant not to fell or lop timber-trees, committed during the life of the testator, though none of the timber was removed by the defendant (*e*). And so upon a covenant to repair, broken before the death of the covenantee (*f*). In such a case, though the covenant relates in terms to the realty, a breach of it is a direct injury to the personal estate; and this is the sort of injury which is primarily contemplated by it. But it is different where the

(*b*) *Knight v. Quarles*, 2 B. & B. 102. And see *per* Willes, J., in *Alton v. Midland Ry. Co.*, 19 C. B. N. S. at p. 242; 34 L. J. C. P. at p. 298.

(*c*) *Bradshaw v. Lancashire and Yorkshire Ry. Co.*, L. R. 10 C. P. 189; 44 L. J. C. P. 148: approved by Lord Halsbury, C.: *The Greta Holme*, [1897] A. C. at p. 601. And see *Potter v. Metropolitan District Ry. Co.*, 30 L. T. N. S. 765. Recovery of verdict in such an action is no bar to damages under Lord Campbell's Act: *Daly v. Dublin, Wicklow and Wexford Ry. Co.*, 30 Ir. L. Rep. C. L. 514. It has, however, been ruled that no such action can be brought where the suit is founded solely upon a tort, as, for instance, where the plaintiff sued as administratrix of her late husband, alleging that he had been run over by the defendants' negligence, whereby his personal estate had been diminished by loss of wages and medical expenses: *Pulling v. G. E. Ry. Co.*, 9 Q. B. D. 110; 51 L. J. Q. B. 153. See also *Leggott v. Gt. Northern Ry. Co.*, 1 Q. B. D. 599.

(*d*) *Orme v. Broughton*, 10 Bing. 533.

(*e*) *Raymond v. Fitch*, 2 C. M. & R. 588.

(*f*) *Ricketts v. Weaver*, 12 M. & W. 718.

primary object of the covenant is to preserve the real estate *in specie*. There the heir, and not the executor, is the person to sue, even for a breach in the lifetime of the testator, unless some consequential damage to the personalty has ensued. So it was held, where the actions were for breach of covenant for title and right to convey, and for further assurance (*g*).

Cases where heir not executor must sue.

Lord Ellenborough, C.J., said (*h*), "In this case there is no other damage than such as arises from a breach of the defendant's covenant that he had a good title, and there is a difficulty in admitting that the executor can recover at all without also allowing him to recover to the full amount of the damages for such defect of title; and in that case a recovery by him would bar the heir, for I apprehend the heir could not afterwards maintain an action for the same breach. Had the breach been assigned specially with a view to compensation for a damage sustained in the lifetime of the testator, and so as to have left a subject of suit entire to the heir, this action might have gone clear of the difficulty." And on this ground the case was distinguished from that of *Lucy v. Levington* (*i*), because there an eviction had taken place in the lifetime of the testator; and, therefore, the damages in respect of such eviction, for which the action was brought, were properly the subject of suit and recovery by the executor, and nothing descended to heir.

In no case can an action be maintained, where it appears upon the face of the record that no damage to the personal estate could have arisen. Hence an executor cannot sue for breach of promise of marriage to the testator, unless special damage is shown (*j*). Executors are the representatives of the temporal property, that is, the debts and goods of the deceased, but not of their wrongs, except where those wrongs operate to the temporal injury of their personal estate. If such an action were maintainable, then every action founded on an implied promise to the testator, where the damage consists in the previous personal suffering of the testator, would be also maintainable by the executor. All injuries affecting the life or health

When executor cannot sue.

(*g*) *Kingdon v. Nottle*, 1 M. & S. 355; *King v. Jones*, 5 Taunt. 418; 4 M. & S. 188; affirmed on error.

(*h*) 1 M. & S. 363.

(*i*) 2 Lev. 26.

(*j*) *Ante*, p. 503.

of the deceased ; all such as arise out of the unskilfulness of medical practitioners ; the imprisonment of the party brought on by the negligence of his attorney : all these would be breaches of the implied promise by the person employed to exhibit a proper portion of skill and attention. We are not aware, however, of any attempt on the part of the executor to maintain an action in any such case. Where the damage done to the personal estate can be stated on the record that involves a different question. Loss of marriage may, under circumstances, occasion a strictly pecuniary loss to a woman, but it does not necessarily do so ; and unless it be expressly stated on the record, the Court will not intend it (*k*).

Principle of damages.

Since then no action can be brought except in respect of injury to the personal estate, it follows that where an action is brought, damages can only be recovered on account of such injury. Accordingly, in an action for distraining on the testator's goods, when no rent was due, and forcing him to pay 9*l.* 13*s.* to have the distress withdrawn, it was held that damages must be limited to the amount so paid (*l*).

Additional rights of action given by

Actions on a contract made with the deceased, or for a debt due to him, were always maintainable by the executor. But it was a principle of common law that if an injury was done either to the person or property of another, for which damages only could be recovered in satisfaction, the action died with the person *to* whom, or *by* whom, the wrong was done (*m*). Three remarkable changes in this rule have been made. Stat.

4 Ed. III. c. 7. 4 Edw. III. c. 7, enacts, that where any trespass has been done to the testators, as of the goods and chattels of the said testators carried away in their life, the executors in such cases shall have an action against the trespassers, and recover their damages in like manner as they whose executors they be should have had if they were living. By an equitable construction of this statute, an executor or administrator shall now have the same actions for any injury done to the personal estate of his testator in his lifetime, whereby it is become less beneficial to the executor,

(*k*) *Per* Lord Ellenborough. C.J., *Chamberlain v. Williamson*, 2 M. & S. 408, 415 ; followed *Finlay v. Chirney*, 20 Q. B. D. 494 ; 57 L. J. Q. B. 247.

(*l*) *Lockier v. Paterson*, 1 C. & K. 271.

(*m*) Wms. Exors. 697, 9th ed. : *Pulling v. G. E. Ry. Co.*, *ante*, p. 532, note (*c*).

as the testator himself might have had, whatever the form of the action may be (*n*).

By Stat. 3 & 4 W. IV. c. 42, s. 2, the executors or administrators may sue for any injury committed in the lifetime of the deceased to his real estate, so as such injury shall have been committed within six calendar months before the death, and provided the action is brought within one year after it (*o*). Even independently of this statute, however, where the defendant has severed part of the freehold, as trees, grass, or corn, and then carried it away, although the executor could not sue for the act of severance, he might sue for the taking of the severed chattel, by virtue of the Stat. of Edw. III. (*p*). This mode would in many cases evade the limitation imposed by the later Act.

Stat. 9 & 10 Vict. c. 93, commonly called Lord Campbell's Act, gives the executor or administrator of any person whose death has been caused by the wrongful act, neglect, or default of any other person, an action to recover damages in respect thereof, when the act is such as would (if death had not ensued) have entitled the party injured to sue. The action is to be for the benefit of the wife, husband, parent, and child of the deceased (*q*). And the jury may give such damage as they may think proportioned to the injury resulting from such death to the parties for whose benefit it is brought, and are to divide it among them by their verdict. In assessing damages under this Act, the jury are confined to the pecuniary loss sustained

3 & 4 W. IV.
c. 42.

9 & 10 Vict.
c. 93.

Damages
limited to
pecuniary
loss.

(*n*) 1 Wms. Saund. 217, b. ; 1 Wms. Notes to Saund. 244. The remedy given by this statute has been held to include the administrators, and by 25 Ed. III. c. 5, was extended to executors of an executor ; *ibid*.

(*o*) If a plaintiff dies, his executor may continue the action, but the damages must be limited to the six months : *Jones v. Simes*, 43 Ch. D. 607 ; 59 L. J. Ch. 351.

(*p*) Wms. Exors. 700, 9th ed. : *Williams v. Breedon*, 1 B. & P. 330.

(*q*) See the interpretation clause, and *Dickinson v. N. E. Ry. Co.*, 2 H. & C. 735. By 27 & 28 Vict. c. 95, s. 1, if there is no executor or administrator, or no action is brought within six months, the persons beneficially interested in the result of the action may sue. Where a sum of money was paid by a railway company without suit to the executors of a person killed by an accident on a railway, as compensation, it was held that upon application to the Chancery Division by the persons referred to in sect. 2 of the above Act, the fund might be distributed among them in the same way as the jury could have done after verdict : *Bulmer v. Bulmer*, 25 Ch. D. 409 ; 53 L. J. Ch. 402. The Admiralty rule as to half damages in case of collision does not apply to actions brought under Lord Campbell's Act : *The Bernina* (2), 12 P. D. 58, affirmed 13 App. Ca. 1 ; 57 L. J. P. D. & A. 65. See *post*, p. 540.

by the family, and cannot take into consideration the mental suffering of the survivors. This rule was laid down after much consideration in a case in which the deceased, who was thirty-four, had an income, as a merchant, of 850*l.* per annum, which, according to the probable duration of his life, calculated by the government annuity tables, amounted to 13,188*l.*, of which the widow would have had the joint enjoyment during his life. On the other hand, by his death she became at once entitled to 7,000*l.*, leaving a balance of 6,188*l.* The judge directed the jury to consider, as to the pecuniary loss, how much of her husband's income a wife living with him and maintained according to her station of life, might be supposed to enjoy. He further told them, that if they considered the plaintiff entitled to any compensation for the bereavement she had sustained, beyond the pecuniary loss, they might allow for it. They gave a verdict for 4,000*l.* A new trial was granted, on the ground of misdirection in allowing the jury to take the mental suffering of the plaintiff into their estimate, and because the damages were excessive, supposing this element to be excluded (*r*). In a former case, the deceased was a labourer, aged thirty-three, and earning 1*l.* a week. Parke, B., directed the jury not to consider the value of his existence as if they were bargaining with an annuity office, in which case they would have to take all possible accidents into account, but to give what they considered a reasonable compensation. They gave 100*l.* (*s*).

Principles on which pecuniary loss is to be calculated.

The mode of calculating damages under this Act was much considered in the case of *Rowley v. London and North Western Railway Co.* (*t*). There one of the persons, on whose behalf damages were claimed, was the mother of the deceased. She was at the time of the death sixty-one, and her son was forty. He was a professional man, and was bound by a personal covenant to allow her an annuity of 200*l.* during their joint lives. The judge directed the jury that they might allow her such a sum as would purchase an annuity of 200*l.* a year, for a person sixty-one years of age, according to the average duration of human life. The elements placed before the jury for

(*r*) *Blake v. Midland Ry. Co.*, 18 Q. B. 93; 21 L. J. Q. B. 233.

(*s*) *Armstrong v. S. E. Ry. Co.*, 11 Jur. 758.

(*t*) L. R. 8 Ex. 221; 42 L. J. Ex. 153; *Phillips v. L. & S. W. Ry. Co.* ante, p. 474.

determining this sum were certain tables used by insurance companies, showing the average duration of life, and a calculation of the value of such an annuity on government or other very good security. Brett, J., held that the whole of the evidence upon this point was inadmissible, inasmuch as it placed before the jury a wrong standard of damages. He said, "To the best of my belief, the invariable direction to juries, from the time of the cases I have cited (*u*) until now, has been, 'that they must not attempt to give damages to the full amount of a perfect compensation for the pecuniary injury, but must take a reasonable view of the case, and give what they consider, under all the circumstances, a fair compensation.' . . . I have a clear conviction that any verdict founded on the idea of giving damages to the utmost amount for the pecuniary injury would be unjust." The other judges considered that the general principle of fixing as damages such a sum as would put the mother in the same pecuniary position as if her son had not met with the accident was a sound one. It was admitted on all hands that there was an error in calculating the annuity upon the probable duration of the mother's life, since this overlooked the contingency that the son might have died before her. It was also held that an annuity secured only by the personal covenant of a professional man, must, in the absence of evidence to the contrary, be of less value than an annuity payable by government; and that in this respect also there was an over-valuation. It was further held that the probable duration of the mother's life must be calculated with reference to the circumstances of the particular life in question, making allowance for any defect in health and the like. But that if such special circumstances existed, it was the duty of the party who relied upon them, as diminishing the value of the life, to establish their existence, and that in the absence of such evidence the jury might properly be directed to consider the life as an average life, and to value it according to tables of average duration.

Money received from an insurance company upon the death of the relative, must be taken into consideration in estimating the amount of the compensation awarded under Lord

Deduction on
account of
insurance.

(*u*) *Blake v. Midland Ry. Co.*; *Armstrong v. S. E. Ry. Co.*, *ubi sup.*

Campbell's Act. In this respect there is a difference between an action brought by the sufferer himself, and one brought on behalf of his family. In the latter case the pecuniary loss caused by the death is at once the basis of the action and the measure of the damages; consequently, whatever comes into possession of the family by reason of the death, whether by inheritance, insurance, or otherwise, must be taken into account. In the former case the ground of the action is the wrong done to the individual. The fact that he has guarded by anticipation against such an event, neither diminishes the wrong itself, nor the liability of the wrong-doer to pay for it. Where the amount payable under the policy has been settled upon anyone who is entitled to compensation under Lord Campbell's Act, the pecuniary benefit which accrues to him from the premature death consists in the accelerated receipt of a sum of money, the consideration for which had already been paid by the deceased out of his earnings. In estimating the loss of the claimant, the benefit from acceleration should be compensated by deducting from the estimate of the future earnings of the deceased the amount of the premiums which, if he had lived, he would have had to pay out of his earnings, for the maintenance of the policy (x).

Damages not limited to income legally secured.

The rule which has been laid down and adopted is that "legal liability alone is not the test of injury, in respect of which damages may be recovered under this statute; but the reasonable expectation of pecuniary advantage by the relative's remaining alive may be taken into account by a jury, and damages given in respect of that expectation, if it be disappointed, and the probable pecuniary loss thereby occasioned" (y). Thus a parent may recover for the loss of the probability that his son would have continued to contribute to his maintenance (z); and children may recover for the loss of the education,

(x) *Hicks v. Newport Ry. Co.*, 4 B. & S. 403, note; followed *Grand Trunk Ry. Co. of Canada v. Jennings*, 13 App. Can. 800; 58 L. J. P. C. 1; *Bradburn v. Great Western Ry. Co.*, L. R. 10 Ex. 1; 44 L. J. Ex. 9. See ante, p. 476.

(y) *Dalton v. S. E. Ry. Co.*, 27 L. J. C. P. 227; 4 C. B. N. S. 296; *Franklin v. S. E. Ry. Co.*, 3 H. & N. 211; *Pym v. G. N. Ry. Co.*, 2 B. & S. 759; 31 L. J. Q. B. 249; affirmed 4 B. & S. 396; 32 L. J. Q. B. 377.

(z) *Dalton v. S. E. Ry. Co.*, supra. See *Hetherington v. N. E. Ry. Co.*, 9 Q. B. D. 160; 51 L. J. Q. B. 495; where the last pecuniary assistance given by the son was five or six years before action.

comforts, and position in society, which they would have enjoyed if their father had lived and retained the income which died with him, and they had continued to reside with him; and even the probability that the deceased if he had lived would have made provision for his children may be considered (a). And the remedy given by the statute being to individuals, and not to a class, the action is maintainable, though the income of the deceased arises from land and personalty, and is not lost to his family by his death, if in consequence of the death the mode of its distribution among the members is changed (b).

If no pecuniary damage is proved, the defendants are entitled to the verdict (c). The plaintiff sued the defendants on his own behalf and on behalf of his minor son, for their negligence in supplying his wife with wrong medicine, which caused her death. The jury found that the lady died of a previous disease, and that her death was accelerated, but not to any appreciable extent, by the medicine. They found that the plaintiff had suffered no damages by the death, but that the minor had suffered damage which they assessed at a thousand dollars. It was held, on appeal to the Privy Council, that on these findings, which are not contradictory, the suit ought to be dismissed. "As the jury have found that the death of Mrs. England was not accelerated by the poison to any appreciable extent, it follows as a legal consequence that the damage attributable to the defendants is inappreciable. It cannot be appreciable for the boy any more than for the father. As regards the father, he suffered no pecuniary loss by the death of his wife; the son suffered loss estimated at \$1,000, but the extent to which the defendants have caused it is inappreciable; or, in other words, it is nothing at all which a Court of Justice can recognise. No damages being recoverable, it is right to dismiss the action" (d). No damages can be recovered in respect of funeral expenses or mourning (e).

(a) *Pym v. G. N. Ry. Co.*, *supra*.

(b) *Id.*

(c) *Duckworth v. Johnson*, 4 H. & N. 653 : 29 L. J. Ex. 25. See as to what proof is required, *Hull v. Gt. Northern Ry.*, 26 Ir. L. Rep. C. L. 289 : *Wolfe v. G. N. Ry.*, *ib.* 548 : *Johnston v. G. N. Ry.*, *ib.* 691.

(d) *Kerry v. England*, [1898] A. C. 742.

(e) *Dalton v. S. E. Ry. Co.*, *supra*.

No action
unless
deceased
could have
sued.

It will be observed that this action will only lie under circumstances which would have admitted of its being maintained by the deceased had he survived (*f*). It therefore is barred by an accord and satisfaction with the deceased in his lifetime (*g*), and will fail where the injury was the result of his own negligence (*h*). And, until the recent changes in the law, it would have equally failed where the party met his death while employed in the service of his master, in consequence of the negligence of a fellow-servant, provided the latter was a proper person to be placed in the situation he filled (*i*).

On whose
behalf.

A claim under Lord Campbell's Act may be preferred by an infant who was *en ventre sa mère* at the time of the injury which caused the death of its father (*j*). It was also at one time held, though with much difference of opinion, that the Admiralty Court, under the Admiralty Court Act, 1861, 24 Vict. c. 10, s. 7, had power to assess and award similar damages in a proceeding *in rem* against a foreign ship which had come within its jurisdiction. Accordingly damages were granted against such a ship at the suit of a plaintiff whose husband had been killed in a collision caused by the improper navigation of the ship (*k*). This decision, however, has been expressly overruled in an exactly similar case by the Court of Appeal. It was stated that s. 7 only gave jurisdiction in cases where the damage complained of had been wholly caused by the ship. But the executors under Lord Campbell's Act complained, not of the injury done by the ship to the deceased, but of the injury resulting to the family from the fact that the death had brought about a loss of income to themselves (*l*). Actions under Lord Campbell's Act can now be brought in the

(*f*) This has reference not to the nature of the loss sustained, but to the nature of the wrongful act complained of: *Pym v. G. N. Ry. Co.*, *supra*; *Butchelor v. Fortescue*, 11 Q. B. D. 474.

(*g*) *Read v. G. E. Ry. Co.*, L. R. 3 Q. B. 555; 37 L. J. Q. B. 275.

(*h*) *Tucker v. Chaplin*, 2 C. & K. 730; *Pym v. G. N. Ry. Co.*, 2 B. & S. at p. 767.

(*i*) *Hutchinson v. York, N. & B. Ry. Co.*, 5 Ex. 343; *Wigmore v. Jay*, *ibid.* 354; *Wiggett v. Fox*, 11 Ex. 832; 25 L. J. Ex. 188. Now see the Employers' Liability Act, 1880 (43 & 44 Vict. c. 42), s. 1, and the Workmen's Compensation Act, 1897 (60 & 61 Vict. c. 37).

(*j*) *The George and Richard*, L. R. 3 Ad. & Ec. 466.

(*k*) *The Franconia*, 2 P. D. 163. *Contra, Smith v. Brown*, L. R. 6 Q. B. 729.

(*l*) *The Vera Cruz*, 9 P. D. 96; affirmed 10 App. C. 59.

Admiralty Court, as being a division of the High Court, but they are not Admiralty actions, and must be conducted in the manner and according to the rules prescribed by that Act, and full damages are recoverable, not half damages (*m*).

Where the action is brought against the executor, the amount of damages recoverable depends upon the character in which he is sued. Where he can only be sued in his representative character, he is in general only liable to the extent of the assets. On the other hand, where the action can be maintained against him in his individual capacity, he is personally responsible, just as any other defendant. Without attempting to give a detailed account of all the principles on this head, it may be advisable to point out the leading distinctions which prevail. With this view it will be convenient to consider, first the cases in which the defendant may be sued as executor; secondly, those in which he may be sued personally; thirdly, the mode in which he should protect himself by pleading, and the effect of a judgment against him. It must be premised, however, that now claims against an executor or administrator as such may be joined with claims against him personally, provided the latter are alleged to rise with respect to the estate in respect of which he is sued as executor or administrator (*n*).

Actions
against an
executor.

Joinder of
claims.

1. It was an old principle of the Common Law that such personal actions as were founded upon any obligation, contract, debt, covenant, or duty, on which the testator or intestate might have been sued in his lifetime, survived his death, and were enforceable against his executor or administrator to the extent of the assets (*o*). And accordingly an action for rent, incurred entirely in the lifetime of the testator, must be brought against the executor in his representative capacity (*p*); and he is not only liable upon all covenants of the testator

When
executor must
be sued as
such.

(*m*) *The Bernina* (2), 12 P. D. 58 (affirmed 13 App. Ca. 1); 56 L. J. P. D. & A. 38; 57 L. J. P. D. 65.

(*n*) Ord. 18, R. 5. But not in counterclaims, *Macdonald v. Carrington*, 4 C. P. D. 28.

(*o*) 1 Wms. Saund. 216, b. : 1 Wms. Notes to Saund. 240; Wms. Exors. 1593, 9th ed. The slow growth in our law of the liability of an executor in respect of the acts and defaults of his testator was discussed in the judgment of Bowen and Fry, L.JJ., in *Finlay v. Chirney*, 20 Q. B. D. at p. 502; 57 L. J. Q. B. 247, where his liability to be sued for a breach of promise of marriage by his testator was considered.

(*p*) Wms. Exors. 1634, 9th ed.

which have been broken in his lifetime, but also for breaches in his own time so far as he has assets. Thus if a tenant in tail leases for years, and dies, and the issue in tail ousts the termor, he shall have covenant against the executors, upon an express covenant for quiet enjoyment (*q*). And so upon an express covenant, as, for instance, to pay rent, the executor of the lessee will be liable as far as he has assets, even though the term has been assigned over, and although the covenant runs with the land, so as to give an alternative remedy against the assignee (*r*). Where, however, the obligation arises out of an authority given by the deceased, it is in many cases revoked by the death, and no action can be maintained against the personal representative in respect of it. In the following case, the plaintiff had contracted with A., the intestate, to sell a picture, the property of the latter, for which service he was to receive 100*l*. A. died, and after his death the plaintiff succeeded in selling it. He then sued the administratrix for the 100*l*., alleging that she had confirmed the sale. It was held that the declaration was bad, since the authority to sell was revoked by death, and the mere confirmation of the sale was not a confirmation of the original contract, upon which the sale had been effected. If the defendant had continued the employment, with full knowledge that under the agreement 100*l*. was to be paid to the plaintiff on the sale, that sum of 100*l*. might have been the gauge or measure by which the jury would estimate the plaintiff's damages, but no more. In the absence of such evidence, a mere confirmation of the sale would only make the defendant liable as upon an ordinary employment to sell (*s*).

When
executor not
liable.

An executor, however, is not liable on a contract which involved a matter of personal skill, as for instance on an undertaking by an author to write a book, or by an engineer to build a lighthouse. For this has become impossible by the death (*t*). Nor on a contract to marry, except perhaps on the rare occasions

(*q*) Fitz. N. B. 145 (E), n. (*a*).

(*r*) Wms. Exors. 1631, 9th ed. See as to a breach of covenant by a testator to execute a power of appointment in favour of specific persons, *Re Parkin* [1892], 3 Ch. 510; 62 L. J. Ch. 55.

(*s*) *Campanari v. Woodburn*, 15 C. B. 400; 24 L. J. C. P. 13.

(*t*) *Marshall v. Broadhurst*, 1 Tyrwh. 349: *per* Patteson, J., 10 A. & E.

when the breach can be shown to have caused special damage to property. And then the action must be confined to the special damage. The damages ordinarily recovered against a living person would not be recoverable (u).

The same principles of common law which forbid actions by executors for torts, also forbid actions against them for a similar cause. The rule, however, has been broken in upon by statute: 3 & 4 W. IV. c. 42, s. 2, allows actions of trespass, or on the case to be maintained against the executors or administrators of any person deceased, for any wrong committed by him in his lifetime to another in respect of his property, real or personal, so as such injury shall have been committed within six months before the death, and so as such action shall be brought within six months after the executors, &c., shall have taken upon themselves the administration of the estate (x). But even independently of this statute, the plaintiff has it frequently in his power to waive the tort. Where, besides the crime, property is acquired which benefits the testator, there an action for the value of the property shall survive against the executor. As, for instance, the executor shall not be chargeable at common law for the injury done by his testator, in cutting down another man's trees, but for the benefit arising to his testator he shall (y). An intestate had tortiously taken and sold coal, the property of the plaintiff; some of the trespasses were committed more than six months before his death. The plaintiff sued his administrators in trespass under the above statute for the wrongs done within the six months. He was then allowed to bring an action for money had and received for the coal sold previously, although no distinct evidence could be given of the amount received for it. The jury gave what they considered to be the value of the coal taken, deducting the expense of raising and conveying it to market (z).

Actions of
tort.

3 & 4 W. IV.
c. 42.

(u) *Finlay v. Chirney*, 20 Q. B. D. 494; 57 L. J. Q. B. 247, *ante*, p. 504. Loss from having purchased a trousseau is not in general, but might, under special circumstances, be such special damage. Compensation for temporal or measurable loss must, in all actions against executors, be tested according to the ordinary rules as to remoteness. *Ib.*, *ante*, p. 504.

(x) See *Woodhouse v. Walker*, 5 Q. B. D. 404; 49 L. J. Q. B. 609; *Kirk v. Todd*, 21 Ch. D. 454; 52 L. J. Ch. 224.

(y) *Per* Lord Mansfield, *Hamblay v. Trutt*, 1 Cowp. 371, 376. See this case, and the principle on which it was founded, fully discussed in *Phillips v. Homfray*, 24 Ch. D. 439; 52 L. J. Ch. 833.

(z) *Powell v. Rees*, 7 A. & E. 426.

Vindictive damages not allowable against an executor.

Of course, in such an action against the executors, vindictive damages could not be given in respect of the malice of the original trespasser, or even, I should conceive, in respect of any insolent or violent behaviour while committing the injury, except so far as it caused pecuniary loss. No doubt the executor himself would not be affected by the amount of the verdict, as he would not have to pay it out of his own pocket. It might, however, be paid for out of the purses of the creditors, which would be most unjust, and, in any case, it would be making the legatees and next of kin suffer for the motives and insolence of another party.

As was said quite recently in the Court of Appeal, in an action brought against executors for breach of promise of marriage, all claim to damages of an exemplary or sentimental kind ceases with the death of the promisor (*a*).

Actions against executors for dilapidations.

An anomalous exception to the principle that actions for tort do not survive, is the action for dilapidation against the executor of a deceased incumbent. This has been explained by Willes, C.J., on the ground that it is not considered as a tort in the testator, but a duty which he ought to have performed; and therefore his representatives, so far as he left assets, shall be equally liable as himself (*b*). But it is now agreed that it is an anomalous action, based upon a particular custom of the realm, and not upon the common and ordinary principles of the law of England (*c*). The remedy is not merely for dilapidations happening in the time of the last incumbent, but for the dilapidations existing at the time his incumbency ceases; for he was bound to keep the vicarage in sufficient repair, or to make compensation to the extent of putting it in repair, and he had the same remedy against the representatives of his predecessor, if he chose to employ it (*d*). Two propositions have been laid down as to the amount of repair:—first, that the incumbent is bound, not only to repair the buildings belonging to his benefice, but also to restore and rebuild them if necessary; secondly, that he is bound only to

(*a*) *Finlay v. Chirney*, 20 Q. B. D. at p. 507; 57 L. J. Q. B. 247.

(*b*) *Sollers v. Lawrence*, Willes, 421.

(*c*) *Bryan v. Clay*, 1 E. & B. 38; *Ross v. Adcock*, L. R. 3 C. P. 655; 37 L. J. C. P. 290.

(*d*) *Per Parke, B., Bunbury v. Hewson*, 3 Ex. 558, 562.

repair, and to sustain, and rebuild, when necessary. He is bound to maintain the parsonage (which must be assumed to be suitable in point of size, and in other respects, to the benefice), and also the chancel, and to keep them in good order and substantial repair, restoring and rebuilding when necessary, according to the original form, without addition or modern improvement; he is not bound to supply or maintain anything in the nature of ornament, to which painting (unless necessary to preserve exposed timbers from decay), and whitewashing and papering belong. It is upon this footing that damages are to be estimated (e). If the state of the vicarage be such that timber or stone could be got for the necessary repairs, that would go in diminution of damages, but it is only a circumstance to be taken into consideration in estimating the sum payable by way of compensation (f).

There are also some cases in which the executor is in form sued upon a contract made with himself, and yet the action charges him in his representative capacity only, and the judgment can only be for payment out of the assets. This is so where the action is for money paid by the plaintiff to the use of the defendant, *as executor* (g). That imports that the plaintiff has paid it, not on the personal account of the defendant, but because he was executor; that is, in release of something which would otherwise have been a burden on the assets of the testator. And the case is the same where the claim is on an account stated between the plaintiff and the defendant *as executor*, of money due from the testator to the plaintiff (h); or of money due from the defendant as executor to the plaintiff, for the only proof admissible in support of such a cause of action would be an account stated respecting debts due from the testator himself (i).

Contracts
made with
executors
as such.

(e) *Per Cur. Wise v. Metcalfe*, 10 B. & C. 299, 316. The right to recover is confined to dilapidations to houses and buildings, and does not extend to waste by digging gravel: *Ross v. Adcock*, L. R. 3 C. P. 655: 37 L. J. C. P. 290. As to hot-houses, see *Martin v. Roe*, 7 E. & B. 237: 26 L. J. Q. B. 129.

(f) *Hunbury v. Hewson*, *ubi sup.*

(g) *Ashby v. Ashby*, 7 B. & C. 448, 449, 451, 452: *Corner v. Sheu*, 3 M. & W. 350.

(h) *Segar v. Atkinson*, 1 H. Bl. 102.

(i) *Ashby v. Ashby*, 7 B. & C. 451: and see *Dowse v. Coxe*, 3 Bing. 20: 6 B. & C. 255: *Powell v. Graham*, 7 Taunt. 586.

Actions
against
executor
personally.

2. In all the above cases, as we have seen, the executor is only liable as holding the property of the testator, and the judgment could only be *de bonis testatoris*. There are, however, many cases in which the executor is liable personally, whether he has got assets or not.

Contract
made by him.

The most obvious of these cases is where he is charged upon a contract made with himself, or an obligation thrown upon himself, subsequently to the death of the testator. For instance, on a count for money lent to himself (*k*), or for money had and received by himself, as executor, for the use of the plaintiff. Where an executor receives money to the use of a particular individual, it operates as a specific appropriation of that money belonging to the party, and he, in his individual capacity, must be liable for the money so received. It has nothing to do with the accounts of the testator. If it be the plaintiff's money, he is entitled to it, whether there be assets or not, and whether the executor have or have not applied to other purposes the money so received (*l*). So where the claim is on an account stated with the executor of money received by himself personally (*m*), or for goods sold and delivered to the defendant as executor, or for work and labour performed and materials supplied to the defendant as executor, because these necessarily imply debts due from the defendant in his own right (*n*).

Trading.

So if executors carry on trade, they must do it as individuals, and for their own advantage (*o*), and they will be personally responsible on all contracts entered into by them, even though they do not receive anything for themselves, but carry over the receipts to the account of the next of kin, for whose benefit the trade is continued (*p*).

Effect of a
submission to
arbitration.

A submission to arbitration by an executor is a reference

(*k*) *Rose v. Boulter*, 1 H. Bl. 108 : *Powell v. Graham*, 7 Taunt. 586.

(*l*) *Ashby v. Ashby*, 7 B. & C. 451, 453.

(*m*) 7 Taunt. 586.

(*n*) *Curner v. Shew*, 3 M. & W. 350.

(*o*) *Per Lord Mansfield*, 1 T. R. 295.

(*p*) *Wightman v. Timonroe*, 1 M. & S. 412. See as to the creditors' further remedy against the testator's estate where the latter has directed that the business shall be carried on, *Re Johnson, Shearman v. Robinson*, 15 Ch. Div. 548 : *Strickland v. Seymour*, 22 Ch. D. 666. The trading executors may sue as executors if the money recovered would be assets : *Abbott v. Parfitt*, L. R. 6 Q. B. 346 ; 40 L. J. Q. B. 115 : *Moseley v. Rendell*, L. R. 6 Q. B. 338 ; 40 L. J. Q. B. 111.

not only of the cause of action, but also of the other question whether or not the executor has assets. Therefore, where the arbitrator has awarded the defendant to pay the amount of the plaintiff's demand, it is equivalent to determining as between those parties that the executor has assets. The defendant is concluded by the award, and cannot plead *plene administravit* (q). But it is different where the arbitrator has merely awarded that a certain sum is due from the estate, without awarding that the executor is to pay it, for this amounts to no admission of effects; or where he directs the defendant to pay it out of the assets, on a fixed day, for this means if there are any assets in his hands at that time (r).

A good deal of doubt has been raised as to the liability of an executor for funeral expenses. The result of the decisions seems to be, that where the executor has personally ordered the funeral, he is personally responsible whether there be assets or not (s), and cannot, even out of the assets, as against a creditor, retain more than a reasonable amount, regard being had to the degree and condition in life of the deceased (t). Even where the executor gives no order for the funeral, he is liable for a reasonable amount, *if he has assets*, upon an implied promise; and where he is liable at all in this matter, he is liable personally, and not in his representative character, inasmuch as the implied promise cannot place him in a different condition from that in which he would have been if he had made an express contract to that effect, which certainly would only have bound him personally (u). Where, however, the executor has not ordered the funeral, and it has been furnished, not upon his credit, but upon that of some other person, he is not liable primarily to the undertaker; but if he had assets he is liable to repay the reasonable expenses so incurred by the party who has defrayed them (x).

Liability of
executor for
funeral
expenses.

(q) *Worthington v. Barlow*, 7 T. R. 453; *Barry v. Rush*, 1 T. R. 691; *Hiddell v. Sutton*, 5 Bing. 200.

(r) *Pearson v. Henry*, 5 T. R. 6; *Lore v. Honeybourne*, 4 D. & Ry. 814.

(s) *Brice v. Wilson*, 8 A. & E. 349, n.

(t) *Hancock v. Podmore*, 1 B. & Ad. 260; *Edwards v. Edwards*, 2 C. & M. 612. See as to the position of an executor who was husband of the deceased, *In re McMya*, 33 Ch. D. 575.

(u) *Rogers v. Price*, 3 Y. & J. 28; *Hayter v. Mout*, 2 M. & W. 56; *Corner v. Shew*, 3 M. & W. 350; *Magennis v. Dempsey*, 1 R. 3 C. L. 327.

(x) *Brice v. Wilson*, 8 A. & E. 349n.; *Green v. Salmon*, 8 A. & E. 348.

Use and
occupation.

It has been held that an action for use and occupation of land by executors as such makes them personally liable (y). But it appears that this is not invariably so. It has been pointed out that the Stat. 11 Geo. II. c. 19, s. 14, allows landlords to maintain this action for lands held *or* occupied by the defendant. Consequently, a decision which alleged a demise to the testator, and then, without stating any entry by the defendants, averred that they, as executors, promised to pay the rent, was held good. Maule, J., said, "I think it discloses a sufficient cause of action against the defendants in their representative capacity. It in terms so charges them; for it means that the plaintiff is seeking to charge them in respect of the assets of their testator. It is probable that they may be so liable. If the testator held the premises, and if the defendants since his decease have not actually occupied, but have held only, and rent has accrued, they would not be personally liable, but the assets in their hands would be liable" (z).

Actions for
rent due since
the death of
the testator.

We have seen before, that actions for rent which became due in the lifetime of the testator, must be brought against the executor in his representative character, and the judgment can only be *de bonis testatoris* (a). When a lease to the testator devolves upon the executor, and rent becomes due after the death, the lessor, whether he sues in debt or on the covenant to pay rent, has his election either to sue him as executor, or to charge him personally as assignee in respect of the perception of the profits (b). And if he selects the latter course, it seems to be immaterial whether the executor has entered or not, because the fact of his being executor proves the allegation that the estate of the lessee in the premises lawfully came to the defendant (c). The result to the executor in either case is the same, though it may involve a different mode of pleading. Where an executor is sued in his representative capacity for rent accruing in his own time, whether the action be debt, covenant, or use and occupation, he may plead *plene administravit*: and, under that plea, may show that the land yields no

(y) *Wigley v. Ashton*, 3 B. & A. 101.

(z) *Atkins v. Humphrey*, 2 C. B. 654, 658.

(a) *Ante*, p. 541.

(b) 1 Wms. Saund. 1 : 1 Wms. Notes to Saund. 1.

(c) *Williams v. Bosanquet*, 1 B. & B. 238 : *Wollaston v. Hakewill*, 3 M. & G. 297 : *Re Bowers*, 37 Ch. D. 123.

profit, and that he has no assets *aliumde* : but if the land yields a profit equal to the rent, he will fail on such a plea, for he is bound to apply the profits of the land towards payment of the rent in the first instance, and his not doing so will be a *devastavit*. If, then, the land yields some profit, but less than the rent, it would seem that his plea should be *plene administravit præter* the profit (*d*). Where, however, the executor is sued in his individual capacity, as assignee, for rent subsequently incurred, he cannot plead *plene administravit*, even although he be named as executor in the declaration ; for if the rent be of less value than the land, as the law *primâ facie* supposes, so much of the profits as suffices to make up the rent is appropriated to the lessor, and cannot be applied to anything else ; and therefore the plea would confess a misapplication, since no other payment out of the profits can be justified till the rent is answered (*e*). The same effect will be attained by a special plea, for the defendant may discharge himself from personal liability, by alleging that he is not otherwise assignee than by being executor of the lessee, and that he has never entered or taken possession of the demised premises ; and from all liability as executor, by alleging that the term is of no value, and that he has no assets (*f*). Where there are profits, but to a less extent than the rent, the executor must confess that part, and plead to the remainder of the action the deficiency of assets (*g*).

If the term was assigned by the testator, it seems clear that the executor cannot be charged as assignee, because the lease did not pass to him ; but still he will be liable in debt for the rent, unless the lessor has accepted the assignee as his tenant, and even in that case the executor will be liable, as executor, in covenant. If the executor enters, and afterwards himself assigns the lease, then he is chargeable as assignee, for that time only during which he occupied. And if he is sued for rent incurred since the assignment by himself, he is liable in his representative character only (*h*).

Where the term has been assigned.

(*d*) 1 Wms. Saund. 111, a ; 1 Wms. Notes to Saund. 126 : *Lyddall v. Dunlapp*, 1 Wils. 4 : *Wilson v. Wigg*, 10 East, 313.

(*e*) *Buckley v. Pirk*, 1 Salk. 317 : Wms. Exors. 1634, 9th ed.

(*f*) *Per Tindal, C.J., Wollaston v. Hakewill*, 3 M. & G. 321 : *Kearsley v. Orley*, 2 H. & C. 896.

(*g*) *Hubery v. Stevens*, 4 B. & Ad. 241.

(*h*) Wms. Exors. 1640, 9th ed. ; 1 Wms. Saund. 111, a ; 1 Wms. Notes

How the profit accruing from the land is to be estimated.

Since then the amount of damages which can be recovered against the executor in an action for rent, depends so much upon the amount of profit arising out of the premises, it is important to inquire upon what principles this profit is estimated. For this purpose, it is not sufficient to show that no profit was received by the executor, unless he can also show that no profit could have been received by the exercise of reasonable diligence. Therefore where the testator was lessee of premises at a rent of 90*l.* per annum, and after his death the defendant made every effort to let them at the rent reserved, but failed to do so, and never occupied the premises himself, nor derived any rent or profit from them, the jury, however, found that he might have let them for 60*l.* : it was held that he was liable to this extent (*i*). In a former case it appeared that the lease to the testator contained a covenant to repair. He had underlet with a similar covenant. The under-lessee allowed the premises to get into such disrepair that they were nearly worthless, and ultimately became insolvent, and ceased paying rent. The Court held that these facts were no defence in an action against the executor. The real value, as against one who takes to the premises, and accepts rents for them after the death of his intestate, must be taken to be that which the premises would have been worth but for his own act. If he had performed the covenant to repair, which he was liable to do, the premises would have been worth at least as much as the rent. He cannot take advantage of his own wrong, by availing himself of a reduction in value occasioned solely by the want of repair in his own time. As to the non-payment of rent by the under-lessee, the plaintiff has nothing to do with it. The value of the premises, as between him and the defendant, is not affected by that (*k*).

But although the executor is bound to apply the profits of the land in payment of rent, this rule, it seems, only applies to the case of yearly profits issuing out of the land, and not to money arising from the sale of land which he has disposed of (*l*). Nor can any statement by the testator, as to

to Saund. 127 : *Helier v. Caschert*, 1 Lev. 127 : *Leigh v. Thornton*, 1 B. & A. 625 : *Wilson v. Wigg*, 10 East, 313.

(*i*) *Hopwood v. Whaley*, 6 C. B. 744.

(*k*) *Per Cur.*, *Hornidge v. Wilson*, 11 A. & E. 645, 655.

(*l*) *Collins v. Crouch*, 13 Q. B. 542. *Quære*, might not the money be

the value of his property, be any ground for charging the executors with such value, if contained in deeds to which they are not parties (*m*).

Where, however, the action against the executor is brought on a covenant to repair, his liability prevails to the same extent as that of any other assignee, and a plea that the premises had yielded no profit since the testator's death, was bad on general demurrer (*n*).

Covenant to repair.

The last case necessary to notice in which the executor is personally liable is where he has committed any act amounting to a *devastavit* (*o*). Upon this point there was a difference between the doctrines of Law and Equity. At law, it was stated by Lord Ellenborough, that no case had decided that an executor, once become fully responsible by actual receipt of a part of his testator's property, for the due administration thereof, could found his discharge in respect thereof, as against a creditor seeking satisfaction out of the testator's assets, either on the score of inevitable accident, as destruction by fire, loss by robbery, or the like, or reasonable expectation disappointed, or loss by any of the various means which afford excuse to ordinary agents and bailees in cases of loss without negligence on their part (*p*).

Effect of a *devastavit* at law;

But in Equity an executor was relieved against a bond or other claim upon his testator, brought up against him after the assets had been accidentally destroyed, as by fire, or theft, where there had been no delay or negligence upon his part (*q*). Nor was he held responsible for the failure or depreciation of the fund in which any part of the estate might be invested, or for the insolvency or misconduct of any person who might have possessed it, or to whom it might have been necessarily entrusted in the course of business, so long as he himself exercised a reasonable diligence, and acted strictly within the line

in equity.

taken as representing the land, so as to make the *interest* upon it amenable to the claims of the lessor?

(*m*) *Howley v. Adams*, 2 H. L. Ca. 770.

(*n*) *Tremere v. Morison*, 1 Bing. N. C. 89 : affirmed, *Hornidge v. Wilson*, 11 A. & E. 645 : *Sleup v. Newman*, 12 C. B. N. S. 116.

(*o*) See as to what constitutes a *devastavit*, Wms. Exors. 1690, 9th ed. *et seq.*

(*p*) *Crosse v. Smith*, 7 East, 258.

(*q*) *Holt v. Holt*, 1 Ch. Ca. 190 : *Lady Croft v. Lyndsey*, 2 Freem. 1 : *Jones v. Lewis*, 2 Ves. Sen. 240.

of duty. But if he omitted to sell property when it ought to have been sold, or left money due upon personal security, and a loss ensued; or if he had himself been the author of the improper investment; or had without necessity entrusted the assets to a person in whose hands they were subsequently lost, he was held liable, even where that person was his co-executor or co-administrator (*r*).

The rules of Equity will now prevail over those at law (*s*). It is the duty of an executor, as of any other trustee, to keep the property with which he is entrusted separate from his own; and where he mixes the assets with his own funds, he will be strictly responsible for any loss that may ensue (*t*).

Proper mode
of pleading
by an
executor.

3. Where the executor is sued upon any cause of action where the judgment will be *de bonis testatoris*, and he has not assets to satisfy it, he should plead accordingly. For a judgment against him, whether by default (*u*) or upon a verdict on any defence except *plene administravit*, or *plene administravit præter*, is conclusive against him that he has assets to satisfy such judgment (*v*). But upon the two last-named defences the onus of proving assets lies upon the plaintiff, and a judgment against him upon them is only an admission of assets to the amount proved to be in his hands (*x*).

Judgment
against him.

Whenever the action against an executor or administrator can only be supported against him in that character, and he pleads any defence which admits that he has acted as such (except a release to himself), the judgment against him must be, that the plaintiff do recover the debt and costs to be levied out of the assets of the testator, if the defendant has so much, but if not, then the costs out of the defendant's own goods. As where the defendant pleads a defence equivalent to *non est factum testatoris*, or a release to the testator, or payment by him, or *non assumpsit*, or *plene administravit*, which is found

(*r*) *Clough v. Bond*, 3 Myl. & Cr. 490, 496 : *Robinson v. Robinson*, 1 De G. M. & G. 247 : *Re Bird, Oriental Commercial Bank v. Savin*, L. R. 16 Eq. 203.

(*s*) Judicature Act, 1873, s. 25, sub-s. 11.

(*t*) *Freeman v. Fairlie*, 3 Mer. 29, 43 : *Clarke v. Tipping*, 9 Beav. 292 : *Massey v. Banner*, 4 Madd. 413.

(*u*) *Re Higgins*, 30 L. J. Ch. 405.

(*v*) 1 Wms. Saund. 219, b.; 1 Wms. Notes to Saund. 249.

(*x*) *Ibid.* : *Jackson v. Bowley*, Car. & M. 97 : *Yardley v. Arnold*, *ibid.*, 434 : *Stroud v. Dandridge*, 1 C. & K. 445.

against him (*y*). But where the defence is *ne unques executor* or *administrator*, or a release to the defendant, and it is found against him, the judgment is, that the plaintiff do recover both the debt and costs *de bonis testatoris*, &c., *et si non, de bonis propriis*. The reason alleged is, that the executor cannot but know these to be false pleas. But it has been justly observed that the same reason applies equally to other pleas where the judgment is different (*z*). If, however, the defendant has pleaded any other defence, which goes to the whole cause of action, and is found for him, he is protected (*a*).

Except, however, where the judgment against the defendant is on a defence of *plene administravit*, which, as we have seen, is only conclusive to the amount of assets proved to exist, it is really a matter of small importance to the executor how the judgment is entered up. It only serves to postpone his fate by a single stage. The judgment is an admission of assets to satisfy it. Therefore to a *scire facias* founded upon it, or an action of debt suggesting a *devastavit*, the executor cannot plead *plene administravit*, but only controvert the *devastavit*; of which fact the judgment, and the sheriff's return of *nulla bona testatoris*, are almost conclusive evidence, and judgment will be against the defendant *de bonis propriis* (*b*).

Of course where judgment is given against the executor in his individual capacity, it must be from the very first *de bonis propriis*, and the testator's assets are not liable at all. This is occasionally a very great hardship, where the plaintiff's claim really arises out of something done for the benefit of the estate, which may be perfectly solvent, though the executor personally may be worth nothing (*c*).

II. Actions by Trustees in Bankruptcy.

Under the Bankruptcy Act, 1883, the property of a bankrupt divisible among his creditors is now administered by a trustee appointed by the creditors or by the Board of Trade. The property vests in him on appointment, and comprises all property belonging to or vested in the bankrupt at the

(*y*) 1 Wms. Saund. 335, n. 10; 1 Wms. Notes to Saund. 605, n. 10; 2 Wms. on Exors. 1859, 9th ed.: *Gorton v. Gregory*, 3 B. & S. 90.

(*z*) 1 Wms. Saund. 336, b.; 1 Wms. Notes to Saund. 610.

(*a*) *Edwards v. Bethel*, 1 B. & A. 254.

(*b*) 1 Wms. Saund. 219, c. 337; 1 Wms. Notes to Saund. 251.

(*c*) See *Ashby v. Ashby*, 7 B. & C. 449.

commencement of the bankruptcy, or acquired by or devolving on him during its continuance. It does not comprise property held by the bankrupt in trust for other persons (*d*). It would seem that the following observations, based upon decisions respecting the rights and duties of assignees under former Acts, may be made with regard to trustees under the Act now in force.

Principle upon which trustees of bankrupt may sue.

Actions by trustees in bankruptcy stand very much on the same footing as those by executors, except that the rights of the latter are not so limited as those of the former; for the executor represents the deceased as to all his contracts and personal rights, whether they are available as assets for the payment of his debts or not; but the trustee takes only those beneficial matters belonging to the bankrupt's estate which may be applied for the purpose of distribution amongst his creditors (*e*). Consequently the right of action, and therefore the amount of damages recoverable, depends upon the existence and degree of loss to the estate of the bankrupt.

Beckham v. Drake.

This question was so exhaustively discussed in the case of *Beckham v. Drake*, which ascended from the Court of Exchequer to the House of Lords, that it will be necessary to do little more than refer to that case and quote some passages from it. The plaintiff had been engaged as foreman by the defendants at a certain salary for seven years, either party making default in their share of the contract to pay the other 500*l*. The plaintiff sued for breach of this contract after his bankruptcy, the defendants pleaded bankruptcy, and the plea was finally held to be a good one, on the ground that the right of action passed to the assignees (*f*).

Cases in which they may sue.

The general principle is, that all rights of the bankrupt which can be exercised beneficially for the creditors do so pass, and the right to recover damages may pass though they are unliquidated.

Not for a mere personal injury,

This principle is subject to exception. The right of action does not pass where the damages are to be estimated by immediate reference to pain felt by the bankrupt in respect of

(*d*) Bankruptcy Act, 1883; 46 & 47 Vict. c. 52, ss. 20, 21, and 44.

(*e*) *Per Williams, J.*, 2 H. L. Ca. 596.

(*f*) *Beckham v. Drake*, 8 M. & W. 846; 11 M. & W. 315; 2 H. L. Ca. 579.

his body, mind, or character, and without immediate reference to his rights of property. Thus the trustee cannot sue for breach of promise of marriage, seduction, defamation, battery, injury to the person by negligence—as by not carrying safely, not curing, not saving from imprisonment by process of law; even though some of these causes of action may be followed by a consequential diminution of the personal estate, as where by reason of a personal injury a man has been put to expense, or has been prevented earning wages or subsistence; or where by the seduction the plaintiff has been put to expense (*g*); also the right of action does not pass in respect of wages earned by the bankrupt upon a hiring after the bankruptcy: nor can the right of action be made to pass to the trustee in respect of contracts uncompleted at the time of the bankruptcy, by their adoption and completion thereof, where the personal service of the bankrupt is of the essence of the contract (*h*).

But although a right of action for not marrying or not curing, in breach of an agreement to marry or cure, would not generally pass to the trustee, a right to a sum of money, whether ascertained or not, expressly agreed to be paid in the event of failing to marry or cure, would pass. The agreement of the parties that money shall be paid as compensation, makes the right to recover the money a part of the personal estate of the bankrupt, as much as a recovery, before the bankruptcy, of a judgment in an action for an injury to the person or character of the bankrupt, would do (*i*).

unless there has been an agreement to pay money on account of it.

So rights of action for trespass to lands or goods in the actual possession of a trader, do not pass to his trustee if he becomes bankrupt, because those rights of action are given in respect of the immediate violation of the possession of the bankrupt, independently of his rights of property, and are an extension of the protection given to his person, and the primary personal injury to the bankrupt is the principal and essential cause of action (*k*). But Wilde, C.J., in reference to this doctrine, said, “I apprehend that if the trespasser has done actual damage to the personal estate of the bankrupt,

Trespass to land or goods in his possession.

(*g*) *Per* Parke, B., 2 H. L. Ca. 626.

(*h*) *Per* Erle, J., 2 H. L. Ca. 603, 604.

(*i*) *Per* Maule, J., 2 H. L. Ca. 622.

(*k*) *Per* Cresswell, J., 2 H. L. Ca. 613.

as well as committed a trespass on his possession, there is no authority which decides that assignees may not maintain an action in respect of the diminution in value, or injury to the chattels, that have passed to them under the bankruptcy" (l).

Nominal
damages.

Although, however, damages cannot be given for injuries which are merely personal to the bankrupt, it by no means follows that actions can only be brought where substantial damages can be recovered. Even where there is no actual damage proved, or where the damage is merely nominal for a breach of the contract, still if that is in respect either of property or of a proprietary right, such as service or work and labour, even in that case it passes (m).

When the
final loss to
the estate is
the criterion
of damages.

Where the gist of the action is the loss to the estate, of course the damages are measured by the loss which has accrued, or is likely to accrue at the time of action brought. The bankrupt had contracted for the purchase of iron, and given bills for the amount. The contract was broken by the vendors while the bills were still current. Subsequently the purchaser became bankrupt and the bills were dishonoured, and after such dishonour his assignees sued for the non-delivery of the iron. At the time the contract was broken there was no difference between the contract and market price. The plaintiffs claimed as damages the whole value of the iron, on the ground that their rights were the same as those of the bankrupt had been, at the time the contract was broken. That at that time he was entitled to recover the full value, since the bills were then current, and while current operated as payment. The Court, however, held that the parties were in the same situation as if no bills had been given, or the contract had not been to pay by bills. And, there being no difference shown between the market price at the time of default and the contract price, the vendees could only have recovered nominal damages; no more, therefore, could the assignees (n). In another case—the

(l) 2 H. L. Ca. 634. As to whether the bankrupt can sue for special damages resulting to himself, apart from the pecuniary damage resulting to his estate, see *Rogers v. Spruce*, 12 Cl. & F. 700; *Hodgson v. Sidney*, L. R. 1 Ex. 313; 35 L. J. Ex. 182; *Morgan v. Stoble*, L. R. 7 Q. B. 611.

(m) *Per Lord Brougham*, 2 H. L. Ca. 640.

(n) *Valpy v. Oakley*, 16 Q. B. 941; 20 L. J. Q. B. 380. So assignees for value suing in the bankrupt's name, but for their own benefit, have been held under similar circumstances to be only entitled to nominal damages: *Griffiths v. Perry*, 1 E. & E. 680; 28 L. J. Q. B. 204.

correctness of which has, however, since been questioned—H., before his bankruptcy, lent the defendant a phaeton on hire, and the latter by his negligence injured it. The phaeton had been hired by H. himself from a third party, to whom it was sent back, who repaired it and proved for the amount against the estate. It was held that the assignees might sue for breach of the contract to use the phaeton in a proper manner. Tindal, C.J., said, "As to the question of damages, if H. before his bankruptcy had done the necessary repairs himself, or had paid for them when done, he would undoubtedly have been entitled to the whole sum which was laid out; or if his estate had actually paid, or had been proved even likely to pay, any part of the amount proved against it, such proportions would have been the measure of the damages sustained by the bankrupt's estate. But as there is no proof to this effect, the consequence appears to us to be, that the plaintiffs are entitled to nominal damages for the breach of a contract, on which they had the right to sue, and where no actual damage is proved" (o).

On the other hand, where a right to recover a specific sum has once vested in the bankrupt, as by breach of an agreement to apply money to a particular purpose, or to return the proceeds of a bill, this right passes to the trustee unaffected by the subsequent bankruptcy; and it makes no difference that the money wrongfully retained by the defendant has in fact been applied by him in discharge of a debt due to himself from the bankrupt, so as to leave the whole amount of claims upon the estate the same as it would have been had the money been properly applied. The trustee is still entitled to recover the entire amount originally due (p). *A fortiori* will he be entitled where the act complained of has caused a diminution in the bankrupt's estate; as, for instance, where the bankrupt lodged money with the defendants to apply in payment of his rent, and in consequence of their not applying it as directed, the landlord distrained his goods for the amount (q). So where the bankrupt sold his business to the defendant on condition that he should pay all trade debts, or arrange with the creditors, and

When it is not.

(o) *Porter v. Vorley*, 9 Bing. 93, 95: disapproved of in *Ashdown v. Ingamells*, 5 Ex. D. 280.

(p) *Hill v. Smith*, 12 M. & W. 618: *Alder v. Keighly*, 15 M. & W. 117. See the facts of these cases, *ante*, p. 117.

(q) *Hill v. Smith*, *ubi supra*.

the defendant left certain debts unpaid, it was held that the trustee in bankruptcy was entitled to recover the full amount of the unpaid debts, as damages for the breach of contract (*r*).

Right to sue
for his per-
sonal labour.

The trustee, as has been stated above, has no right to sue for the proceeds of the mere personal labour of the bankrupt, due after his bankruptcy (*s*); though, if a person in his situation should gain a large sum of money or considerable effects, then such money or effects would undoubtedly belong to his trustee (*t*). But this rule only applies to what may be strictly termed personal labour. Therefore, where the plaintiff was a furniture broker, and had been employed by the defendant in removing his goods, in the course of which employment the plaintiff procured vans, supplied packing-cases, and employed five or six men in the packing, unpacking, and conveyance of the property; and likewise cleaned and repaired some furniture, and found materials for this purpose; it was held that his claim on this account was not a matter of personal labour, and that a payment to the assignees was good (*u*). The same decision was given where it appeared that the plaintiff was a medical practitioner who had become bankrupt; afterwards by an arrangement with a friend who had purchased his stock of medicines, he continued in possession of them on credit, carrying on his business as before, and was supplied with fresh medicines on credit. The debt was contracted under these circumstances, the plaintiff attending the defendant, giving him the benefit of his skill, and furnishing the medicines which he thought necessary. The Court thought this came within the case of *Crofton v. Poole*, and that it would be extending the principle laid down in *Chippendale v. Tomlinson* far beyond what was reasonable to apply it to such a state of things (*x*).

III. Actions by Principal against Agent.

When an
action lies.

Whenever an agent violates his duties or obligations to his principal, whether it be by exceeding his authority or by

(*r*) *Ashdown v. Ingamells*, 5 Ex. D. 280.

(*s*) *Per* Lord Campbell, C.J., 2 H. L. Ca. 643: *Chippendale v. Tomlinson*, 4 Dougl. 318, 322, n.

(*t*) *Per* Buller, J., 7 East, 57, n.: *per* Lord Alvanley, *Hesse v. Stevenson*, 3 B. & P. 578.

(*u*) *Crofton v. Poole*, 1 B. & Ad. 568.

(*x*) *Elliott v. Clayton*, 16 Q. B. 581.

positive misconduct, or by mere negligence (*y*), or omission in the proper functions of his agency, or in any other manner, and any loss or damage thereby falls on his principal, he is responsible for it, and bound to make a full indemnity. In such cases it is wholly immaterial whether the loss or damage be direct to the property of the principal, or whether it arise from the compensation which he has been obliged to make to third parties in discharge of his liability to them, for the acts or omissions of his agent. The loss or damage need not be directly or immediately caused by the act which is done, or which is omitted to be done. It will be sufficeint if it be fairly attributable to it, as a natural result, or a just consequence. But it will not be sufficient if it be merely a remote consequence, or an accidental mischief; for in such a case, as in many others, the maxim applies, *Causa proxima, non remotu spectatur*. It must be a real loss or actual damage, and not merely a probable or possible one. Where the breach of duty is clear, it will, in the absence of all evidence of other damage, be presumed that the party has sustained a nominal damage (*z*).

The above principles, quoted from the work of an eminent judge, are in fact equally applicable to any other case where compensation is sought for a breach of contract, and present an accurate summary of the general theory of damages. Another rule, however, must be added, which we have seen before applies also to the case of sheriffs and attornies (*a*), viz., that even though a breach of contract be proved, still if its performance could have been of no possible benefit to the plaintiff, and therefore its non-performance could have caused him no possible injury, the action will altogether fail. A few cases in illustration of each of these points will be sufficient upon this branch of the subject.

If an agent should knowingly deposit goods in an improper place, and a fire should accidentally take place, by which they are destroyed, he will be responsible for the loss (*b*). And so

When a loss has arisen from his negligence.

(*y*) See a case where the negligence consisted in following an established usage of the Stock Exchange to disregard the provision of a statute : *Neilson v. Jamux*, 9 Q. B. D. 546 : 51 L. J. Q. B. 369.

(*z*) Story, Agency, § 217 c.

(*a*) *Ante*, pp. 480, 484.

(*b*) Story, Agency, § 218 : *Caffrey v. Darby*, 6 Ves. 496. See *Lilley*

where a barge, upon which the plaintiff's goods were placed, deviated from her course, and during the deviation a tempest occurred, in consequence of which she was lost, it was held that the owner of the barge was liable for the value (c). In both of these cases the fire and the tempest might equally have caused the loss had the defendant performed his duty. But Tindal, C.J., stated the answer to the objection to be, that no wrong-doer shall be allowed to qualify or apportion his own wrong, and that as a loss has actually happened while his wrongful act was in operation and force, and which is attributable to his wrongful act, he cannot set up as an answer to the action the bare possibility of a loss, if his wrongful act had never been done. It might admit of a different construction, if he could show, not only that the same loss might have happened, but that the same loss must have happened if the act complained of had not been done. So where a party has undertaken to insure goods, and has neglected to insure them altogether (d), or has insured them so negligently that the plaintiff cannot recover against the underwriters, he will be liable for all the loss that has actually happened (e). Accordingly where a broker, employed to effect insurances, omitted to communicate a material letter, in consequence of which the assured failed in actions against some underwriters, and offered the broker the defence of others; and on his refusal, without further consulting him, made restitution to others who had paid the losses without suit, it was held that the assured might recover against the broker as well as the amount of the losses so repaid, as of those which he had never recovered (f). And so, where a party employed to buy goods of a particular quality for another, directs an agent to execute the commission, and he supplies goods of an inferior quality, in consequence of which the first party is sued by his employer; the measure of damages in an action by him against the sub-agent is the

v. *Doubleday*, 7 Q. B. D. 510, *ante*, p. 23; and *Royal Exchange Shipping Co.*, v. *Dixon*, 12 A. C. 11; 56 L. J. Q. B. 266, where goods improperly carried on deck instead of under deck were jettisoned.

(c) *Davis v. Garrett*, 6 Bing. 716.

(d) *Ex parte Bateman*, 20 Jur. 265; 25 L. J. Bankr. 19.

(e) *Mallough v. Barber*, 4 Camp. 150; *Park v. Hammond*, *ibid.* 344; Holt, 86; S. C., 6 Taunt. 495.

(f) *Maydew v. Forrester*, 5 Taunt. 615.

amount of damages and costs that he has been forced to pay. If the goods have been refused by the party who originally contracted to purchase them, the original agent will be required to undertake to assign the goods to his sub-agent, or to sell them and account to him for the produce (g).

A stockbroker, commissioned to sell shares, who words his contract in such a manner that it is void by statute, is responsible to his client for the full stipulated price of the shares, if the buyer repudiates the contract, and it makes no difference that the broker has adopted the form of contract which was customary at the Stock Exchange (h).

In all these cases the actual loss is the measure of damages, and this measure may vary according to the time at which the action is brought. This point was a good deal discussed in a case, the facts of which have been very fully stated in an earlier chapter (i). There, as will be seen by reference to the statement given, the owners of the ship resisted the action by the charterers, on the ground that the damages to which they were entitled for breach of the agreement to insure, entered into with them by the charterers, were a liquidated amount, viz., the value of the freight which was to have been insured. In support of this doctrine, a judgment of Washington, J., was quoted. He says, "The law is clear, that if a foreign merchant, who is in the habit of insuring for his correspondent here, receives an order for making an insurance, and neglects to do so, or does so differently from his orders, or in an insufficient manner, he is answerable not for damages merely, but as if he were himself the underwriter, and he is of course entitled to the premium" (k). But Jervis, C.J.,

Actual loss
furnishes the
measure of
damages.

(g) *Mainwaring v. Brandon*, 8 Taunt. 202. A broker negotiating a sale between seller and buyer, is not responsible for the quality, though employed by the purchaser to ship the cargo: *Zwischenbart v. Alexander*, 1 B. & S. 234; 30 L. J. Q. B. 254, Ex. Ch. Recently, where an agent improperly parted with the possession of the goods of his principal, the latter recovered the whole value of the goods: *Stearns Co. v. Heintzmann*, 17 C. B. N. S. 56; and see *Matthews v. Discount Corporation*, L. R. 4 C. P. 288. And similarly where the agent, in disobedience to his instructions, accepted a cheque instead of cash on the conclusion of a transaction, and the cheque was dishonoured, he had to pay the whole amount. *Pape v. Westcott*, [1894] 1 Q. B. 272.

(h) *Neilson v. James*, 9 Q. B. D. 546; 51 L. J. Q. B. 369. Of course, if the client has authorised what was done, he not only cannot recover damages, but must indemnify the broker. See *post*, p. 572.

(i) *Charles v. Altin*, 15 C. B. 46; 23 L. J. C. P. 197; *ante*, p. 288.

(k) *De Tastett v. Crousillat*, 2 Wash. C. C. R. 132.

said, "I think this is not the fair inference from what is there stated. It is not laid down that the broker, if guilty of negligence in effecting the insurance, becomes himself an insurer, and liable to pay the exact amount for which the insurance was or ought to have been effected, less the amount of premium. If so, what is the premium, which, as a matter of law, is to be deducted? It clearly must mean that the amount of the loss is the *reasonable*, not the ascertained *legal* measure of damages which the party is entitled to. That is, in effect, the principle upon which the damages would be ascertained here. If the broker has been guilty of negligence, it is but just and reasonable that the customer should recover against him the amount of the loss, deducting what would be paid for premiums; in other words, that he should be recompensed to the extent to which he has been damnified by his agent's negligence. But it is not a positive rule of law (*l*). And Maule, J., in a judgment from which I have quoted before (*m*), pointed out that the action would lie at any moment after the negligence charged, and that the measure of damages might be a continually varying sum, according to the facts that had occurred up to the time the action was brought. For instance, where the plaintiff's solicitor had failed to invest the principal's funds as he ought to have done, it was held that he was bound to make good the loss of interest, but that he was entitled to a set-off in respect of a gain that had resulted from a fall in the price of consols between the time when the investment should have been made and the date of the order dealing with the matter (*n*).

Damages
must be the
necessary
result;

The damages must of course be the necessary result of the defendant's neglect of duty. Therefore, where the plaintiff had been non-suited in an action against the underwriters, on the ground of concealment of material information, and claimed in the suit against his agent to include the cost of the action on the policy; Lord Eldon said that there was no necessity to bring that action to entitle the plaintiff to recover, and as it did not appear that the action on the policy was brought by

(*l*) 15 C. B. at p. 63. See also as to the measure of damages being not necessarily the whole amount of the insurance money, *Cahill v. Dawson*, 3 C. B. N. S. 106; 26 L. J. C. P. 253; *ante*, p. 290.

(*m*) *Ante*, p. 289.

(*n*) *Batten v. Wedgwood Coal and Iron Co.*, 31 Ch. D. 346; 55 L. J. Ch. 396.

the desire or with the concurrence of the present defendant, he ought not to be charged with the cost of it (*o*).

The damages must also be the proximate and natural result of the neglect. Therefore, where an agent is directed to invest the funds of his principal in a particular stock, and he neglects to do so, and the stock thereupon rises, the principal is entitled to recover the enhanced value, as if the stock had been purchased. So, if an agent improperly withholds the money of his principal, he is liable for the ordinary interest of the country where it ought to be paid, and the incidental expense of remitting it, if it ought to be remitted. But he is not responsible for remote consequences that may accrue, such as loss of credit, or suspension of business by the principal, caused by the delay in payment (*p*). So, where an agent at Leghorn, having funds of his principal in hand, was directed to invest part of them in tiles and part in paper, and to ship the cargo for Havana; he invested the whole in paper, which, on the ship's arrival, sold at a loss, whereas the tiles would have realised a profit. The defendant claimed to have the damages estimated at the value of the money which ought to have been invested in tiles at Leghorn, and not at the value they would have sold for at Havana. The Court decided against him. They said this measure would only be correct if the breach of contract consisted in the non-payment of the money, and not in the failure to invest that sum in tiles. Speculative damages, dependent on possible successive schemes, ought never to be given; but positive and direct loss, arising plainly and immediately from the breach of orders, may be taken into the estimate. Thus, in this case, an estimate of possible profits to be derived from investments at the Havana, of the money resulting from the sale of the tiles, taking into view a distinct operation, would have been to transcend the proper limits which a jury ought to respect; but the actual value of the tiles themselves, at the Havana, affords a reasonable standard for the estimation of the damages (*q*).

and not be too remote.

In a later case an attempt was made to assess the damages

(*o*) *Seller v. Work*, Marsh. Ins. 243, 4th ed.

(*p*) *Short v. Skipwith*. 1 Brock. 103; Story, Agency, §§ 220, 221. But see as to bankers, *post*, p. 564.

(*q*) *Bell v. Cunningham*, 3 Peters, 69, 85.

in an action by principal against agent, as if the suit had been one between purchaser and seller. The plaintiff instructed the defendant to buy on his account, and ship to him from Hong Kong, a particular sort of opium. No such opium was procurable. The defendants shipped an inferior opium as being that which they had been commissioned to buy, and advised their employer to that effect. He re-sold the opium to a third party. On arrival, the inferiority was discovered. The purchaser made a claim upon the plaintiff for damages, which he recovered. The plaintiff then sold the opium for whatever it would fetch. It was contended that, upon shipment of the opium, the relation of vendor and purchaser was established between the defendant and the plaintiff; that the latter was entitled to be put in the same position as he would have been in if the opium he ordered had been supplied; that is to say, that he was entitled as damages to the difference between the price paid for the inferior opium, and the market value of the superior opium. The Court held that the relation of principal and agent continued throughout the transaction; that the plaintiff was only entitled to the damage he had suffered by the defendant's breach of duty, subject to the rule that such damage must not be too remote; that upon this footing he was entitled to be repaid all the money he had expended in purchasing an article which he had never ordered, and the damages which he had to pay to the purchaser, and all incidental expenses to which he had been put in the transaction (*r*). It is evident that upon no view of the case could the plaintiff have recovered the damages he claimed, since they would have put him in a much better position than he would have been in if his instructions had been carried out. He would then have paid for superior opium, and his profit would have been the difference between the two prices of such opium at Hong Kong and London, minus all costs and charges.

Nominal
damages.

Breach of contract, *prima facie*, involves a right to recover nominal damages, even though no actual loss is proved, or even suggested; as, for instance, where the action was by a customer against a banker for dishonouring his cheque (*s*). In

(*r*) *Cassaboglou v. Gibb*, 9 Q. B. D. 220; 11 Q. B. D. 797; 51 L. J. Q. B. 593; 52 L. J. Q. B. 538.

(*s*) *Marzetti v. Williams*, 1 B. & Ad. 415. And see *Fray v. Toulson*, 1 E. & E. 839; 28 L. J. Q. B. 232; *ante*, p. 484.

such a case, however, lately substantial damages were given by a jury, and very fairly, because the injury to a man's credit may not be the less real, because it was not capable of proof (*t*). But when the agent can show that under no circumstances could any benefit to the principal have followed from obedience to his orders, and therefore that disobedience to them has produced no real injury, the action will fail. Therefore, if an agent is ordered to procure a policy of insurance for his principal, and neglects to do it, and yet the policy, if procured, would not have entitled the principal, in the events which have happened, to recover the loss or damage, the agent may avail himself of that as a complete defence. *A fortiori*, where the principal would have sustained a loss or damage, if his orders had been complied with. Accordingly, if the ship to be insured has deviated from her voyage; or the voyage or the insurance is illegal; or the principal had no insurable interest; or the voyage, as described in the order, would not have covered the risk: in all such cases, the agent, though he has not fulfilled his orders, will not be responsible (*u*). In estimating, too, the amount of benefit which might flow from the defendant's obedience to his orders, the Court will not take into consideration matters of mere speculation. Therefore, where the plaintiff directed the defendant to effect an insurance on slaves, to which he was entitled in lieu of wages as mate on board a ship, and the ship was lost, it was held that he could not recover against the agent for neglect to insure the slaves, as not being an insurable interest. And it made no difference that in point of fact these slaves were frequently the subject of insurance at Liverpool, where the loss was always paid by the underwriters, without disputing the question. The Court were clearly of opinion that the plaintiff could not recover in this action, more than he could have recovered *in an action* against the underwriters (*v*).

When defendant may show that no loss could have taken place.

Another ground of claim by principal against agent arises out of the well-known rule of equity, that an agent cannot, without the knowledge and consent of his principal, be allowed to make any profit out of the matter of his agency beyond his

Agent bound to account for profits.

(*t*) *Holin v. Steward*, 14 C. B. 595.

(*u*) Story, Agency, § 222.

(*v*) *Webster v. Dr Tasset*, 7 T. R. 157.

proper remuneration as agent. Consequently, any profit that he does so make, he is liable to account for, and hand over to his principal (x). And in estimating the damages payable by the agent, he will be treated as a wrong-doer, and a presumption may be made against him which could not be made against a person who was not a wrong-doer. For instance, the agent of a company agreed with the owner of a mine that it should be sold to the company for a price partly in cash and partly in paid-up shares. He made a private arrangement with the agent to give him for his trouble 600 of the paid-up shares. The company proved a failure, and 500 of the shares remained in the agent's hands. It was held that he was liable to account for these shares, and then the question arose at what value they should be estimated. The Court held that, as against a wrong-doer, it must be assumed that the shares could have been disposed of for their full amount to solvent persons, who could have paid up the calls. They, therefore, affirmed an order by which the agent had been directed to pay over their full nominal value (y). So, where the promoter of a company had made a present of shares to a director, it was held that he must account for them to the company, and that they had the option of claiming the shares themselves, or the highest value they had reached while held by the director (z). And where an agent

(x) *Parker v. McKenna*, L. R. 10 Ch. 96; 44 L. J. Ch. 425; *Hay's Case*, L. R. 10 Ch. 59; 44 L. J. Ch. 721; *Bagnall v. Carlton*, 6 Ch. D. 371; 47 L. J. Ch. 30; *Emma Mine v. Grant*, 11 Ch. D. 918; *Emma Mine v. Lewis*, 4 C. P. D. 396; 48 L. J. C. P. 257; *Whaley Bridge Co. v. Green*, 5 Q. B. D. 109; 49 L. J. Q. B. 326; *Boston Deep Sea Fishing Co. v. Ansell*, 39 Ch. D. 339; *Mayor of Salford v. Lerer*, [1891] 1 Q. B. 168. The principal cannot follow any investment which the agent has made by means of his wrongful gains: *Lister v. Stubbs*, 45 Ch. D. 1; and 59 L. J. Ch. 570.

(y) *McKay's Case*, 2 Ch. D. 1; 45 L. J. Ch. 148; *De Ruigne's Case*, 5 Ch. D. 306; 46 L. J. Ch. 360; *Pearson's Case*, 5 Ch. D. 336; 46 L. J. Ch. 339; *Nantyglo Co. v. Grare*, 12 Ch. D. 738; *Mitcalfe's Case*, 13 Ch. D. 169; 49 L. J. Ch. 301; *Hiesche v. Sims*, [1894] A. C. 654. Directly the opposite presumption would be made in an action against a director for fraudulent statements, whereby a person was induced to take shares which had a value until the fraud was discovered, and then became worthless: *Twyeross v. Grant*, 2 C. P. D. 469; 46 L. J. C. P. 636. See *Arkwright v. Newbold*, 17 Ch. D. 301; 50 L. J. Ch. 372; *Peck v. Derry*, 37 Ch. D. at p. 591; reversed on another point, 14 App. C. 337; 58 L. J. Ch. 864. Representations which are designed to impose upon the public will not support an action as between persons who were parties to the fraud, and cognisant of the real state of the case: *Ex parte Taylor*, 14 Ch. D. 390; 49 L. J. Ch. 457.

(z) *Eden v. Riddalder Ry. Co.*, 23 Q. B. 368; 58 L. J. Q. B. 579. See

was bribed to induce his principal to enter into a contract which turned out to be to his disadvantage, it was held that the principal was not only entitled to recover from the agent the bribe which he had received, but also to sue the agent and the briber jointly or severally for damage representing the loss which he had incurred by entering into the contract, and that the sum recovered in respect of the bribe could not be deducted from the damage recoverable in the later action (*a*).

Where a principal instructs an agent to buy or sell goods for him, it is a fraud if the agent sells his own goods to the principal, or purchases them for himself, because the principal assumes that he is getting the advantage of his agent's skill and intelligence in making for him the best possible bargain, and this he obviously does not get if the agent is making a bargain for himself. Such a transaction may therefore be set aside at the option of the principal (*b*). Where, however, matters have gone so far that the transaction cannot be undone, the principal is driven to an action for damages, in which he will recover such a sum as will recompense him for the loss actually caused by the agent's fraud. What that loss is was discussed in the following case. In August, 1875, the plaintiff, on the advice of the defendant, instructed the latter to buy for him 310,000*l.* worth of rupee paper. The defendant transferred to the plaintiff his own paper which he professed to have bought in the usual way on the Stock Exchange. Rupee paper began to fall in value, and in March, 1876, the plaintiff sold it at a loss of 43,000*l.* In an action for a fraudulent misrepresentation the original Court awarded the full sum of 43,000*l.* as damages. On appeal the verdict was set aside as being excessive in amount. Bramwell, L.J., compared the case to that of an animal sold with a fraudulent warranty, where the damages are the difference between the price at which it was purchased, and that at which it might have been sold. "Here the question is, what could the plaintiff have obtained if he had re-sold the rupee paper which he had been induced to purchase by the fraud of the defendant. It was for the insolvent to consider whether

Sale by agent of his own goods to principal.

Damages where sale cannot be set aside.

as to the allowances to be made to a promoter of a company for secret profits made by him, *Lydney & Wigpool Co. v. Bird*, 33 Ch. D. 85; 55 L. J. Ch. 875.

(*a*) *Mayor of Salford v. Lever*, [1891] 1 Q. B. 168; 60 L. J. Q. B. 89.

(*b*) *Rothschild v. Brookman*, 5 Bligh, N. S. 165; affirming 3 Sim. 153.

he would sell it or retain it. The retention of it was his own voluntary act. If he elected to remain owner after the rupee paper began to fall in price, his loss was not owing simply to his having purchased it, but to his having purchased it and retained it. When I say that his loss is to be estimated by the price which he might have obtained upon a re-sale, I mean that he is entitled to include the commissions which he would have to pay upon the sale and the re-sale; further, he would not have been bound to re-sell hastily and unadvisedly, but he ought to have time allowed him to ascertain what his loss really was. Upon these principles the amount must be calculated at which the damages are to stand" (c).

*Cape Breton
Company.*

The same question arose in a different form in a later case (d). There F., in 1871, purchased a coal mine for 12,000*l.*, in partnership with four others. In 1873 he and one of his partners became directors in the Cape Breton Co., to which they, through a nominal vendor, sold the coal mine for 42,000*l.*, the fact that it was their property being, as it was said, concealed from the company. It was admitted that such a transaction might have been set aside by the company. This, however, was impossible at the time of the application against F., as before any discovery of the fraud the company went into liquidation, and the mine was sold. The sale took place under a scheme of arrangement passed by the shareholders and sanctioned by the Court, and when the sale took place the shareholders knew of F.'s interest in the property, and decided not to repudiate the purchase. In 1884 a creditor and contributory of the company took out a summons against F. under s. 165 of the Companies Act, 1862, for a misfeasance by reason of the sale of the property to the company. It was assumed that under this section the Court could order the director to pay any sum which could have been recovered from him by the company in an action. It was contended on behalf of the creditor, that F. was liable to account to the company for the profit he had made by the sale, that is the difference between 12,000*l.* and 42,000*l.*; or at all events to the difference between 42,000*l.* and

(c) *Waddell v. Blockey*, 4 Q. B. D. 678; 48 L. J. Q. B. 517.

(d) *In re Cape Breton Company*, 26 Ch. D. 221; affirmed 29 Ch. D. 795; *Carendish Bentinck v. Fenn*, 12 App. Ca. 652; 57 L. J. Ch. 552; followed *Ladywell Mining Co. v. Brookes*, 35 Ch. D. 400; 56 L. J. Ch. 684.

whatever was the real market value of the property at the time. It was held by Mr. Justice Pearson, that the only relief which could have been given would have been to rescind the sale, and as this could not now be done, neither of the sums suggested could be awarded as damages. If F. had originally purchased the property as trustee for the company, then his re-sale at an advanced price would have been a mere nullity, and he could not have retained any of the profits on such re-sale. But admittedly in 1871 F. stood in no fiduciary relation to the company. As to the alternative claim, Mr. Justice Pearson said: "I am not aware that F. and his partners were bound to sell at the market price, and I cannot understand why this Court is to take the market price or any other price. A vendor has a right to stipulate for what price he pleases. It is for the purchaser to say whether he will give that price or not. Why, therefore, I should say that in the year 1873 the vendors of this property were bound to sell at the market price, I do not know."

This decision was affirmed on appeal by Lord Justices Cotton and Fry (*dissentiente* Bowen, L.J.). They held that the sale by the liquidator was a sale by the company, and bound the contributory who was taking action against F. The company, therefore, with full knowledge of the facts which would entitle them to rescind the contract, elected to hold by it. This, in the opinion of the majority of the Court, put an end to any further claim against the agent. Damages could not be calculated on the difference between the purchasing and selling price, because at the date of the purchase F. was not a trustee for the company. Nor could a claim be made for any profits clandestinely retained by the agent at the time of the sale as the difference between the selling price and the market price, because the voluntary ratification of the purchase by the principal was equivalent to a new sale by the agent to the principal, after the relation between them had ceased. The profits, if any, made by F. had not been made clandestinely or surreptitiously, as they had not arisen from the original transaction, but from the adoption of it by the principal. They also drew a distinction between the case of an agent who is directed to go into the market to buy goods, but who actually sells his own, and the case under consideration, where a contract was entered into for a specific property, which could only be had on its owner's

terms. On the other hand Bowen, L.J., thought that the right to retain the subject contracted for was different from the right to compel the agent to hand over profits improperly retained by him. He likened it to the case of an action on a fraudulent warranty, where the purchaser may retain the chattel, and sue for damages for the difference between its actual value and that which was untruly represented. He thought, therefore, that F. was liable to repay the difference between the sale price of the property, and its market value at the time of the sale.

The decision was affirmed in the House of Lords (e), but on different grounds. The questions of law on which the judges had differed in the Court of Appeal were left undecided. Their lordships considered that it was not made out that there was any concealment of his interests by F. Nor that he had made any profit by the sale to the company beyond what he could have obtained in the open market, and that the contributory who moved in the matter had really no interest in the dispute.

IV. Actions by Agent against Principal.

Actions of this sort are generally brought by the agent for his remuneration, and seldom raise any special question as to damages. There are, however, two matters which may be referred to with advantage. They are, claims by an agent, employed to sell for a commission, and claims for an indemnity in consequence of loss incurred by carrying out the instructions of his principal.

Commission
on sale.

The theory of a sale by commission is, that the agent is only paid for success. If no sale is effected, or if it is effected without his intervention (f), he gets nothing. This is the established rule by usage in the case of ship-brokers and house-agents (g). In other cases, where the rule is not absolutely so settled, the presumption would be to the same effect, unless there were something in the special agreement to lead to a contrary conclusion (h). On the other hand, if the sale has

(e) *Curendish Bentinck v. Fenn*, 12 App. Ca. 652; and 57 L. J. Ch. 552.

(f) See as to what amounts to *interrention*, *Manuell v. Clements*, L. R. 9 C. P. 139.

(g) *Head v. Rann*, 10 B. & C. 438; *Simpson v. Lamb*, 17 C. B. 603, 616; 25 L. J. C. P. 113, 116.

(h) See *Alder v. Boyle*, 4 C. B. 635; 16 L. J. C. P. 232.

been effected by means of the agent, he is entitled to his full commission, though he has not been put to either trouble or expense (i).

The cases in which difficulty has arisen, have been those in which the agent, after incurring trouble or expense, has been prevented, by a revocation of his authority, from proceeding to earn his commission by effecting a sale. It is quite settled that a principal may at any time before a sale recall the agent's authority, and that the interest which the agent has in effecting a sale, is not such an interest as prevents such a revocation (j). Where there has been a revocation, in the case of house-agents or ship-brokers, any trouble or expense they have previously incurred goes for nothing, and in the absence of a special contract, gives them no claim against their principal for reimbursement. But in other cases, an authority to sell cannot in general be revoked without reimbursing the party to whom it is given for the labour he has bestowed, or the expense he has been put to. But this right must always depend upon the terms of the contract; and though the general employment may carry with it the right of revocation upon payment for what has been done under it, yet it is perfectly possible that there may be a contract of employment of a qualified nature to the effect that if the work be not completed there is not to be any payment (k).

Revocation of authority.

As to an agent's right to an indemnity, the rule is, that if an agent has incurred losses or damages in the course of transacting the business of his agency, or in following the instructions of his principal, he will be entitled to full compensation therefor (l). But in order to entitle an agent to recover from his principal under such circumstances, he must show, first that the loss arose from the fact of his agency; secondly, that he was acting within the scope of his authority; and, thirdly, that the loss was not attributable to any fault or laches on his part (m). Consequently, where an agent, acting

Agent entitled to indemnity.

(i) *Munsell v. Clements*, L. R. 9 C. P. 139.

(j) *Smart v. Sandars*, 5 C. B. 895; 17 L. J. C. P. 258; *Tuplin v. Florence*, 10 C. B. 744; 20 L. J. C. P. 137; *Campanari v. Woodburn*, 15 C. B. 400; 24 L. J. C. P. 13.

(k) *Simpson v. Lamb*, 17 C. B. 603; 25 L. J. C. P. 113.

(l) *Story, Agency*, § 339. See *Hood v. Stallybrass*, 3 App. Cas. 880.

(m) *Per Right Hon. T. Pemberton Leigh, Frisione v. Tagliaferro*, 10 Moo. P. C. 175, 196; *Ellis v. Pond*, [1898] 1 Q. B. 426.

under the orders of his principal, has made a contract which his principal has not enabled him to carry out, or has innocently warranted goods which do not answer the warranty, or has sold goods which turn out to be the property of a third person, if he is sued, he may recover from his principal the damages and costs which he has been compelled to pay, or any other loss he has necessarily incurred (*n*). But if the losses or damage are casual, accidental, oblique, or remote, the principal is not liable. The agency must be the cause, and not merely the occasion of the loss, to found a just claim for reimbursement (*o*). For instance, a stockbroker bought shares for his principal for the 15th July, and on that day, by his principal's orders, carried over the transaction to the next settling day. The result was, that he became liable to pay the difference of price according to the rates of the 15th of July. Subsequently, the stockbroker became insolvent. The consequence was, that all his transactions were closed, and he became liable to pay the difference of price calculated at the date of closing. It was held that the principal was liable to pay the first difference, but not the second, because that loss was brought on neither by the orders nor by the default of his principal, but by his own insolvency, for which his principal was not accountable. It was something completely collateral to the business on which his principal had employed him (*p*). Nor could an agent recover damages to which he had been put in consequence of warranting goods without authority to do so (*q*). Nor where he had incurred unnecessary expense by carelessness or mistake in law (*r*).

No indemnity
for illegal
acts.

An agent is not entitled to an indemnity in respect of any act done by him, in pursuance of the instructions of his principal, which is illegal at Common Law or by statute (*s*). There are, however, cases in which a statute does not make an act illegal, but declares that it shall be null and void, and that no action

(*n*) *Frisione v. Tagliaferro*, *ubi sup.* : *Southern v. How*, Cro. Jac. 468 : *Adams v. Jarvis*, 4 Bing. 66 : *Lacey v. Hill*, L. R. 8 Ch. 921 : L. R. 18 Eq. 182 : 43 L. J. Ch. 551.

(*o*) Story, Agency, § 341.

(*p*) *Duncan v. Hill*, L. R. 8 Ex. 242 : 42 L. J. Ex. 179.

(*q*) *Southern v. How*, Cro. Jac. 468.

(*r*) *Capp v. Topham*, 6 East, 392.

(*s*) *Josephs v. Pebrer*, 3 B. & C. 639.

shall be brought to enforce it. In such a case, if a principal directs his agent to do an act which comes within the statute, and if the agent, before his authority is revoked, incurs a liability by carrying out his instructions, the principal is bound to indemnify him. For instance, the defendant employed a commission agent to bet on his behalf. The usage of the turf is that a commission agent makes the bets in his own name. Under the Gaming Act (8 & 9 Vict. c. 109, s. 18), he could not be compelled to pay a bet which he had lost, but if he refused to pay his losings he would be treated as a defaulter, and prevented carrying on his business as a turf agent. In the particular case he made the bet in his own name and lost it. The principal then repudiated the transaction, but the agent paid the bet and sued his principal. It was held that as soon as he made the bet he incurred a liability, enforceable not at law but by way of customary consequences, against which his principal was bound to indemnify him (f). The special application of this rule to bets made on commission is now forbidden by the Gaming Act, 1892, but the rule itself has been followed in later cases arising out of the failure of the Oriental Bank in 1884. An Act known as Leeming's Act (30 & 31 Vict. c. 29) directs that contracts for the purchase of shares shall be null and void, unless certain formalities are complied with. These formalities have been found to be impracticable from a business point of view, and are never attended to on the Stock Exchange. The defendant employed the plaintiff, a stockbroker, to purchase for him Oriental Bank shares. The plaintiff did so, and by the usage of the Stock Exchange made himself liable to complete the transaction, on pain of being treated as a defaulter. As usual the provisions of Leeming's Act were disregarded. The defendant swore that he had never heard of Leeming's Act till after the purchase, but he had had frequent transactions through the plaintiff in which it had been disregarded. The bank stopped payment immediately after the purchase, and the defendant at once repudiated the contract under the provisions of the Act. The plaintiff proceeded to carry out the purchase, and then sued the defendant. It was held that the defendant had authorised him to proceed in the manner he

(f) *Read v. Anderson*, 13 Q. B. D. 779 ; 53 L. J. Q. B. 532.

had done, and was bound to indemnify him against the consequences, notwithstanding the provisions of the Act (u). A contrary decision was given in a very similar case, where it was found as a fact that the principal did not know of Leeming's Act, or of any custom of the Stock Exchange to enforce transactions in which it had been disregarded, and where there had been no course of dealing, such as existed in the last case, from which it could be inferred that he had in fact authorised the stockbroker to act in violation of its provisions. The Court said that a person who employs an agent cannot be held to authorise him to act in accordance with usages of which he is in fact ignorant, where such usages are unreasonable or illegal (x). If, however, the principal ratified the transaction, after knowing the flaw which would have entitled him to repudiate it, he is bound to carry it out for the benefit of the agent and all other parties concerned (y).

(u) *Seymour v. Bridge*, 14 Q. B. D. 460; 54 L. J. Q. B. 347. It may be doubted whether the facts of this case warranted the inference that was drawn from them. But, assuming the inference to be sound, the legal consequence would seem to be justified; see *per* Bowen, L.J., at 15 Q. B. D., p. 398.

(x) *Perry v. Barnett*, 15 Q. B. D. 388; 54 L. J. Q. B. 446. See as to the employer's right to recover damages from the agent in such a case, *Neilson v. James*, 9 Q. B. D. 546; 51 L. J. Q. B. 369, *ante*, p. 561.

(y) *Loring v. Davis*, 32 Ch. D. 625; 55 L. J. Ch. 725.

CHAPTER XVIII.

PLEADING SPECIAL DAMAGE.

WE may now pass from the principles which regulate the measure of damages to the rules of pleading and practice in relation to them. This part of the subject naturally resolves itself into three heads, which I propose to consider in the three remaining chapters. The first has regard to what is required of the plaintiff, in stating and specifying the grounds of his claim. The second relates to the mode in which the jury must proceed in assessing damages under the various circumstances of the case; the consequences of any error into which they may fall, and the manner in which it may be rectified. Under the third head, I shall examine the power which the Court possesses to guide, alter, or review the verdict, particularly as to its amount.

Special damage must always be expressly averred, and proved, when it is so much the gist of the action, that without it no suit could be maintained; as, for instance, in an action against a returning officer at an election, for holding a scrutiny contrary to statute 6 & 7 Vict. c. 18, s. 82, whereby the plaintiff was delayed and hindered in his right of voting (*a*): or in an action by a master for the beating of his servant (*b*): or by a relation for the seduction of a female, *per quod servitium amisit* (*c*): or in cases of slander, where the words would not of themselves be actionable (*d*): or for a matter of general nuisance or injury to the entire public (*e*). In such a case as that last mentioned, the damage must be an actual tangible

Special damage must be alleged when it is the essence of the action.

(*a*) *Pryce v. Belcher*, 3 C. B. 58.

(*b*) *Mary's Case*, 9 Rep. 113.

(*c*) See *ante*, p. 506.

(*d*) *Malachy v. Soper*, 3 B. N. C. 371.

(*e*) *Dobson v. Blackmore*, 9 Q. B. 991 : *Dimes v. Petley*, 15 Q. B. 276.

one to the plaintiff in reference to his existing interest. Therefore, where the action was for fixing an obstruction in a public navigable river, and impeding the access to a house abutting upon it, it was held not to be a sufficient allegation of special damage to say, that the plaintiff was reversioner, and had a right to the free navigation of the river for the enjoyment of the premises by his tenants, and so was injured in his reversionary interest. The Court said, "If, indeed, an obstruction of a public road appeared to be of a permanent nature, or professed, either by notice affixed, or in any other way, to deny the public right, and so led to an opinion that no road was there, the value of the house might be lowered in public estimation, and so pecuniary loss might follow, for which an action would lie. But that is a peculiar state of things, which ought to be distinctly set forth, and by no means arises from the naked fact that while the plaintiff's house was in the hands of his tenant, a public road had been obstructed by the defendant" (*f*).

Particular instances of damage.

It is not, however, necessary to state or establish particular instances of damage. Therefore a declaration for obstructing the access to the plaintiff's house, whereby divers persons who would otherwise have come to the house and taken refreshment there were prevented, was held sufficient without naming any one (*g*). And so in an action for fraudulently using the plaintiff's trade marks it was considered sufficient, at all events after verdict, to allege generally that "by means of the fraud the plaintiff was deprived of the sale of divers large quantities of goods, and lost the profits that otherwise would have accrued to him therefrom" (*h*).

Special damage cannot be proved unless laid.

In all other cases, whether the action be on a contract or in tort, if the facts involve a legal injury, no actual damage need be stated (*i*). But then no damages, beyond those which the law infers, can be recovered for, unless they are specially stated. Under the old allegation of *alia enormia* in trespass,

(*f*) 9 Q. B. 1004. See *ante*, p. 516.

(*g*) *Rose v. Groves*, 5 M. & G. 613.

(*h*) *Rodgers v. Nowell*, 5 C. B. 109.

(*i*) See *ante*, pp. 4—7. But if the plaintiff chooses to state facts affecting the damages he can do so, unless the statement is scandalous or embarrassing: *Millington v. Loring*, 6 Q. B. D. 190.

nothing could be given in evidence which could be stated with decency in the declaration (*k*). Accordingly, in an action of trespass and false imprisonment, the plaintiff was not allowed, without a special allegation, to prove that he was stinted in his allowance of food during his detention (*l*), or that his health had suffered from the confinement (*m*), or that he had been remanded by a magistrate (*n*). And so in an action for taking goods, where money had been paid to recover them, the payment ought to be alleged as special damage (*o*). *A fortiori*, matter which itself would be a distinct ground of action, must be specially averred. Hence in an action on the case for an excessive distress, in which no mention occurred of any sale of the goods, the plaintiff was only allowed to recover damages in respect of the detention up to the time of the sale, and not in respect of the sale, though it appeared on the trial that the goods were sold for less than their real value (*p*). In one old case Lord Raymond took a distinction upon this point in actions of slander, between words which are actionable in themselves, and those which are only actionable with special damage. In the latter case, he said that evidence of special damage is allowed, though the particular instances of such damage are not specified in the declaration; but in the former case, particular instances of special damage shall not be given in evidence, unless stated in the declaration (*q*); but this distinction is no longer recognised (*r*).

So in trover, special damage, to be recoverable, must be specially laid (*s*). In contracts, too, there are certain damages which the law will presume; as for instance, in an action for not delivering goods, that the plaintiff had to buy others at a loss; or in an action on a warranty, that the article really given was inferior to that which it was warranted to be. The extent of the loss must be proved; but no notice need be given of the species of loss which will be set up. But it is different

(*k*) *Sippora v. Basset*, 1 Sid. 225.

(*l*) *Lowden v. Goodrick*, Peake, 46.

(*m*) *Pettit v. Addington*, Peake, 62.

(*n*) *Holtun v. Lotum*, 6 C. & P. 726.

(*o*) Cowper, 418.

(*p*) *Thompson v. Wood*, 4 Q. B. B. 493.

(*q*) *Browning v. Newman*, 1 Stra. 666.

(*r*) 1 Wms. Saund. 243 d; 1 Wms. Notes to Saund. 322.

(*s*) See *ante*, p. 412.

where the injury complained of is of a merely secondary and consequential damage. As, for instance, that the plaintiff was sued for selling the same animal again, with a similar warranty (*l*); or that he incurred expense in investigating the title of the defendant to land, which the latter had contracted to sell, but could not, for want of title (*u*).

Statement of special damage must be as full as the case will admit of.

As the object of stating special damage is to let the defendant know what charges he must prepare to meet, the statement must always be as full and specific as the facts will admit of. Accordingly, in an action for an irregular distress, whereby the plaintiff had lost divers lodgers, without naming any, Lord Ellenborough rejected evidence that he had in fact lost one, because the name was not alleged, observing that the number was not so great as to excuse a specific description on the score of inconvenience (*r*). The same reason fairly applied to a general statement that a party had, in consequence of the alleged wrong, lost several suitors (*y*), or the sale of his lands (*z*); but the rule was seemingly carried beyond just limits, when it was said that an allegation that a party had lost divers customers was insufficient, because they ought to have been named (*a*). There was much more common sense in a later decision. The minister of a dissenting congregation alleged that, in consequence of the slanderous words of the defendant, "The said persons frequenting the said chapel have wholly refused to permit him to preach, and have withdrawn from him their countenance and support, and have discontinued giving him the gains and profits which they had usually given, and would otherwise have given." Lord Kenyon held this sufficient, asking, how could he have stated the names of all his congregation? (*b*). The question would have been quite as difficult to answer, had it been asked in the former case.

Distinction between particular and special damage.

The real distinction was that taken by Cresswell, J. (*c*), between particular and special damage, where he said, "In

(*l*) *Lewis v. Peake*, 7 Taunt. 153.

(*u*) *Hodges v. Earl of Litchfield*, 1 Bing. N. C. 492.

(*r*) *Westwood v. Cowne*, 1 St. 172.

(*y*) *Barnes v. Prudlin*, 1 Sid. 396.

(*z*) *Lowe v. Harewood*, Sir W. Jon. 196.

(*a*) *Hunt v. Jones*, Cro. Jac. 499; 1 Roll. Abr. 58; Bull. N. P. 7.

(*b*) *Hartley v. Herring*, 8 T. R. 130.

(*c*) *Rose v. Groves*, 5 M. & G. 618.

an action for slandering a man in his trade, when the declaration alleges that he thereby lost his trade, he may show a general damage to his trade, though he cannot give evidence of particular instances" (d). The great additional weight which the jury would lay upon one instance specifically proved, makes it only fair that notice should be given that the proof will be attempted. A mere general loss may well be announced in the same general way as that in which alone it can be proved. An action was brought for not performing a contract to let a house, whereby plaintiff had sustained loss, and been obliged to hire other premises at great cost and expense for rent and charges. It appeared that the premises, which were in Regent Street, had been taken for the millinery business, for which they were well suited, and that the plaintiff, not being suffered to occupy them, had sustained considerable loss from the passing by of the profitable season of the year. It was held that this evidence was admissible; Richards, C.B., said there was, in fact, no special damage as such proved. The object of the witness's testimony was to show that the plaintiff had suffered inconvenience. And Graham, B., remarked, that loss of customers, and general damage occasioned thereby, might have been given in evidence under the declaration, for it charged general loss, without specifying any particular individual whose custom had been lost; and it was competent to the plaintiff to show certain damage sustained by breach of the agreement, without stating his loss more specifically in the declaration (e).

After a review of the previous cases the law has now been stated by the Court of Appeal to be, that in actions on the case where the damage actually done is the gist of the action, the character of the acts themselves which produce the damage, and the circumstances under which these acts are done, must regulate the degree of certainty and particularity with which the damage ought to be stated and proved. As much certainty and particularity must be insisted on both in pleading and proof of damages as is reasonable, having regard to the

(d) And see *Ashley v. Harrison*, 1 Esp. 48; *ante*, p. 494; *Beans v. Harries*, 1 H. & N. 251; *ante*, p. 495; and *M'Loughlin v. Welsh*, 10 Ir. L. R. 19.

(e) *Ward v. Smith*, 11 Price, 19.

circumstances and to the nature of the acts themselves by which the damage is done (*f*).

Damages
must be stated
correctly.

The same principle which requires particularity of statement, also calls for accuracy of allegation. An action for a nuisance, resulting from an obstruction to a watercourse, stated that it was caused by the erection of a mound of earth by the defendants. It appeared that the mound of earth would not, of itself, have obstructed the water; but that it crumbled away and was trodden down, so as to cause the effect. It was held that the evidence did not support the declaration, as it alleged an immediate act of the defendants, whereas a consequential injury was all that was proved (*g*). And so in an action for false imprisonment, where it was laid as special damage that plaintiff had been forced to pay a large sum of money for costs, and the evidence was that he had employed an attorney, but had not paid him; it was held that the damage was not proved. But the Court said, that as to the money which the attorney had actually laid out for him, the averment was sufficient, for a man might well say that he had been forced to pay that which his agent had been forced to pay for him. In respect of the money advanced for him, he was in the same situation as if he had borrowed it to pay it over (*h*).

Of course, if properly claimed, damages in respect of the legal liability to the attorney could have been recovered though his bill had not been paid (*i*).

Accuracy of allegation is of less importance now when amendments are allowed in all cases where the opposite party would not be unjustly prejudiced.

Debt.

The mode of pleading with a view to damages in cases within the provisions of 8 & 9 W. III. c. 11, s. 8, has been noticed in the chapter on Debt (*k*).

Interrogatories.

Interrogatories as to damages have been allowed where the defendant desired to pay money into Court (*l*). And where in

(*f*) *Ratcliffe v. Evans*, [1892] 2 Q. B., at p. 532: 61 L. J. Q. B. 535.

(*g*) *Fitzsimons v. Inglis*, 5 Taunt. 534.

(*h*) *Pritchett v. Borey*, 1 C. & M. 775: *Jones v. Lewis*, 9 Dowl. 143.

(*i*) *Ante*, p. 113.

(*k*) *Ante*, p. 247.

(*l*) *Horne v. Hough*, L. R. 9 C. P. 135; 43 L. J. C. P. 70: *Clarke v. Bennett*, 32 W. R. 550: see *Hodgson v. Taylor*, *ante*, p. 508. For a case

actions for defamation the defendant gives a notice under Order 36, Rule 37, of matters as to which he intends to give evidence in mitigation of damages (*m*), he may interrogate the plaintiff as to the matters referred to (*n*).

where they were disallowed, see *Jourdain v. Palmer*, L. R. 1 Ex. 102 ; 35 L. J. Ex. 69.

(*m*) See *ante*, p. 501.

(*n*) *Scaife v. Kemp*, [1892] 2 Q. B. 319 ; 61 L. J. Q. B. 515. See also *Marriott v. Chamberlain*, 17 Q. B. D. 154 ; 55 L. J. Q. B. 448.

CHAPTER XIX.

ASSESSMENT OF DAMAGE.

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| <p><i>I. Actions against a single Defendant.</i></p> <ol style="list-style-type: none">1. <i>Judgment by Confession, Reference to the Master, Writ of Inquiry.</i>2. <i>Judgment by Default.</i>3. <i>Judgment on a Point of Law.</i>4. <i>Several Claims, where some are bad.</i> <p><i>II. Actions against several Defendants.</i></p> <ol style="list-style-type: none">1. <i>Where there is a Verdict against all.</i> | <ol style="list-style-type: none">2. <i>When some pay Money into Court.</i>3. <i>When Judgment goes by Default, against all or some.</i> <p><i>III. When greater Damages are given than are claimed.</i></p> <p><i>IV. Double and Treble Damages.</i></p> <p><i>V. When an omission by the Principal Jury may be supplied.</i></p> |
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WE have now discussed all the preliminary steps necessary to a judgment for damages ; the mode of pleading, the species of evidence that may be adduced, and the rules of law that ought to be laid down for the guidance of a jury. It now remains to consider the practical machinery by which the process is worked out.

Where the case comes on for open trial, the jury who try the cause, of course assess the damages also, and there the matter ends. But the case may never be tried in open court at all, or only part of it may be so tried, or only against some of the defendants. Various distinctions also may arise, according as the action is against one or several. It will be simpler first to examine the mode of assessing damages where the action is against one, and then to inquire into the further complications which may arise, where several defendants are joined.

Judgment by
Confession.

I. 1. The defendant may confess judgment. This he may do either by means of a *cognovit* given beforehand, authorising

an attorney to confess judgment and mark execution against him for a particular amount, or by consent order (a), or by admitting in his pleadings that he has no defence to the action or by implication ; as, for instance, where an executor pleads *plene administravit*, or *plene administravit præter*. In all these cases, where the form of the confession admits that an ascertained sum is due (b), judgment is final, and execution may issue at once for the amount. Where a cognovit was given for the payment of the money by instalments, and by the terms of the arrangement the plaintiff was not to be at liberty to enter up judgment, or issue execution unless default was made in payment of a certain sum, with costs, by instalments, it was held that on default being made in payment of any instalment, execution might issue for the whole amount, in the absence of express words to the contrary (c). But where the whole sum does not become due upon default in any instalment, execution may still be issued for each as it becomes due and remains unpaid (d).

Where the amount for which judgment can be signed is not ascertained, it will be necessary either to have a reference to a Master, or to sue out a writ of inquiry.

The Courts were formerly very strict in limiting the cases in which a reference to the Master could be substituted for a writ of inquiry. They allowed it in actions upon bills of exchange, promissory notes, bankers' cheques, covenant for non-payment of money, and the like, where it was only necessary to compute the amount of principal and interest due. But they refused it, where the action was on a bill of exchange for foreign money, or on a foreign judgment, or on a bond to save harmless, or on a covenant to indemnify, or on a bottomry bond, or for calls due on railway shares, or even in an action upon a judgment recovered on a bill of exchange where interest was sought for, or in an assumpsit for a certain sum due upon an agreement (e). Now, however, by an order which follows substantially the

When a reference to the Master will be allowed.

(a) Cognovits and judges' orders by consent must be filed within twenty-one days. Debtors Act, 1869, ss. 26, 27.

(b) See Chit. Forms, 479, 7th ed. : 655, 12th ed.

(c) *Rose v. Tomlinson*, 3 Dowl. 49 : *Barrett v. Partington*, 5 B. N. C. 487 : *Lereridge v. Forty*, 1 M. & S. 706.

(d) *Davis v. Gompertz*, 5 Dowl. 407.

(e) Chit. Archb. 929, 9th ed. ; 1328, 14th ed.

Common Law Procedure Act, 1852, s. 94, in actions or proceedings in which it shall appear to the Court or a Judge that the amount of damages sought to be recovered is substantially a matter of calculation, it shall not be necessary to issue a writ of inquiry; but the Court or a Judge may direct that the amount for which final judgment is to be entered, shall be ascertained by an officer of the Court (*f*). And where judgment goes by default in the case of any claim for pecuniary damages, the amount of damages may be ascertained in any way directed by the Court or a Judge instead of by writ of inquiry (*g*).

Evidence
upon a writ
of inquiry.

The proceedings upon a writ of inquiry do not come within the plan of this work. As to the amount which may be recovered, I may observe that the plaintiff must always recover nominal damages, for the writ of inquiry assumes that the cause of action has been proved (*h*); therefore where the action is on a lease, the defendant is estopped from denying its execution (*i*). Nor can he object to the want of a stamp on the written contract (*j*). Nor prove absence of consideration for a bill or note (*k*). Nor can he show anything in mitigation of damages, which might have been pleaded; as, for instance, that he has a set-off (*l*), or that he has paid part of the demand (*m*). Nor need the plaintiff prove his interest in a policy of insurance (*n*), nor even produce the document; as, for instance, a bill of exchange, upon which he sues (*o*).

Amount due
must be
proved unless
admitted.

The state of things under which a writ of inquiry is brought, assumes that not only a cause of action, but that the cause of action laid by the plaintiff is proved. Where the amount claimed is such an essential part of the description of the cause of action as to be a material and traversable statement, as, for instance, the amount of a bill of exchange, no evidence is required on the writ of inquiry (*p*) to entitle the plaintiff to

(*f*) O. 36, R. 57. Or by an official referee: O. 36, R. 27 A.

(*g*) O. 13, R. 5; O. 27, R. 4.

(*h*) *De Gaillon v. L'Aigle*, 1 B. & P. 368: *Dods v. Evans*, 15 C. B. N. S. 621.

(*i*) *Collins v. Rybot*, 1 Esp. 157.

(*j*) *Banbury Union v. Robinson*, Dav. & Mer. 92.

(*k*) *Shepherd v. Charter*, 4 T. R. 275.

(*l*) *Caruthers v. Graham*, 14 East, 578.

(*m*) *Lane v. Mullins*, 2 Q. B. 254.

(*n*) *Thellusson v. Fletcher*, 1 Doug. 316.

(*o*) *Lane v. Mullins*, 2 Q. B. 254.

(*p*) *Lane v. Mullins*, *ubi sup.*

recover it. But it is otherwise where the distinct sum claimed is not so laid as to be in issue. If a plaintiff declared for rent under a lease, laying the amount under a *viz.*, and judgment were suffered by default; if the rent appeared in evidence to be less than was alleged, the plaintiff would recover only the amount proved to be due (*q*). So in an action against a carrier for loss of goods, their value and the expense the plaintiff has been put to must be proved (*r*). Where the action was on a contract to purchase property at a certain large sum (to wit), the sum of 172*l.*, judgment went by default. The under-sheriff ruled that the contract must be produced to entitle the plaintiff to more than nominal damages. When produced it turned out not to be stamped. He rejected it on this account, and there being no other evidence of the amount of loss incurred, ordered a verdict for nominal damages. The Court ruled that he was wrong in rejecting the instrument for want of a stamp; but on the other point Patteson, J., said, "He thought there would be great difficulty in saying the under-sheriff was wrong" (*s*). And so, although the amount of a bill may be recovered without producing it, interest upon it from maturity cannot (*t*). On the same principle, though judgment by default in an action for use and occupation admits that defendant occupied a house of the plaintiff's, he may show that he did not occupy the particular house with which the plaintiff is trying to fix him, but the onus of proof is on the defendant (*u*). So in an action for work and labour, defendant may show that all the amount charged for was not done at his request (*x*). And in an action for mesne profits, where judgment had gone by default, the plaintiff must prove the whole time during which the defendant was in possession, and in the absence of such proof can only obtain nominal damages (*y*).

(*q*) *Per* Lord Denman, C.J., 2 Q. B. 923.

(*r*) *Lirington v. Douglas*, 2 Dowl. 630, n.

(*s*) *Banbury Union v. Robinson*, Dav. & M. 92, 97.

(*t*) *Hutton v. Ward*, 15 Q. B. 26; *Doyle v. Duffy*, 6 Ir. L. R. 153, *contra*. In Byles on Bills, 435, 15th ed., it is said: "If interest be sought from a period before the issuing of the writ, it may be necessary to produce the bill."

(*u*) *Daris v. Holdship*, 1 Chit. Rep. 644, n.

(*x*) *Williams v. Cooper*, 3 Dowl. 204.

(*y*) *Ire v. Scott*, 9 Dowl. 993.

On the other hand there are some cases in which the mere fact of the wrong done, without any proof of the express loss, might entitle the plaintiff to substantial damages. The jury, in such cases, as for instance on a writ of inquiry in an action of libel, may give such damages as they think fit, though no evidence is laid before them (z).

Judgment by
default.

2. The defendant may let judgment go by default, either for want of appearance, or for want of a defence.

For want of
appearance.

In the former case, if the writ has been indorsed for a liquidated demand, whether specially or otherwise, the plaintiff may at once enter final judgment for a sum not exceeding the sum indorsed on the writ with interest at the rate specified, or if no rate be specified, at five per cent. to the date of judgment and costs, and issue execution (a). If the claim is not for a debt or liquidated damages, but for detention of goods and pecuniary damages, or either of them, interlocutory judgment may be entered, and a writ of inquiry issues to assess the value of the goods and damages, or damages only, as the case may be, in respect of the causes of action disclosed by the indorsement on the writ of summons. The Court or a Judge may, however, order that instead of a writ of inquiry the value or amount of damages shall be ascertained in any way which the Court or Judge may direct (b). And where the writ is indorsed with a claim for detention of goods and pecuniary damages, or either of them, and is further indorsed for a liquidated demand, final judgment may be entered for the liquidated demand and interlocutory judgment for the remainder. So where damages for mesne profits, arrears of rent, double value, or damages for breach of contract or wrong or injury to the premises claimed, are indorsed upon a writ for the recovery of land, the plaintiff enters judgment for the land, and proceeds as above for the other claims (c).

Judgment
for want of
defence.

Where the defendant has not delivered a defence within the proper time, judgment may be signed; and if the plaintiff's claim be only for a debt or liquidated demand, judgment by default will be final. In cases which do not come within this

(z) *Tripp v. Thomas*, 3 B. & C. 427.

(a) Ord. 13, R. 3; Ord. 42, R. 17.

(b) Ord. 13, R. 5.

(c) Ord. 13, R. 9; Ord. 27, R. 8.

description, the plaintiff will be driven to a reference to the Master, or a writ of inquiry, or such other mode of ascertaining the damages as may be ordered, as stated above (*d*).

If the plaintiff's claim be for a debt or liquidated demand, and also for detention of goods and pecuniary damages, or pecuniary damages only, and the defendant makes default, the plaintiff may enter final judgment for the debt or liquidated demand, and also enter interlocutory judgment for the value of the goods and damages, or damages only, as the case may be, and proceed as above mentioned (*e*).

Under the old practice, where the defendant let judgment go by default as to part of the declaration, and pleaded to the rest, a special *venire* was issued, and the jury who tried the issue assessed damages for the whole (*f*). Under the present practice, the judge would probably in a similar manner order the damages for the whole to be assessed by the jury who tried the issues (*g*).

3. Demurrers are no longer allowed, though points of law may be raised by the pleadings, which by order or consent may be set down for hearing before the trial. If such a point of law is disposed of before the trial, and substantially disposes of the action or a distinct part of it, the Court or Judge may make such order as is just (*h*). Probably in practice a judgment for the plaintiff upon such a point of law will be interlocutory or final, in the same manner and in the same cases as a judgment by default; and the same mode will be pursued in assessing damages.

Special orders will, without doubt, be made in all cases. Where, formerly, there were several issues upon the record, and a finding for the defendant upon one which went to the merits of the whole action, it was unnecessary for the jury to assess damages upon the others (*i*). So now, if there is any one finding of the jury which entitles the defendant to judgment, it would be unnecessary to have damages assessed.

4. Where, formerly, there were several causes of action in

Where there is a finding for defendant on one issue.

Assessing damages upon several counts.

(*d*) Ord. 27, Rs. 2—6.

(*e*) Ord. 27, R. 6.

(*f*) *Heydon's Case*, 11 Rep. 5.

(*g*) Ord. 27, R. 4.

(*h*) Ord. 25, R. 3.

(*i*) *Gregory v. Duke of Brunswick*, 3 C. B. 481.

the same declaration against the same defendant, and there was a general verdict for the plaintiff, damages might be assessed severally upon each count (*k*). And this was the safer course ; for when damages were entirely assessed, it was intended for all that for which the plaintiff complained (*l*). And therefore, if any one of the alleged causes of action was insufficient, a *venire de novo* was awarded (*m*).

Or upon the same count containing several demands.

On the other hand, if the same count contained two demands or complaints, for one of which the action lay, and not for the other, all the damages were referred to the good cause of action, although it was otherwise if they were in separate counts (*n*). It was questionable, however, whether the result would be the same, if it appeared that the jury had, in fact, given damages on a bad cause of action. An action of trespass was brought against a surveyor for cutting the plaintiff's trees, which overhung the highway. Defendant pleaded an order by the justices under the Highway Act, authorising him to do so. The order was bad as to part of the trees, and therefore formed no justification. As to part it was good. The jury found a general verdict for the plaintiff as to the injury to all the trees, under the direction of the judge, who told them that the order was entirely bad. A new trial was directed, that the jury might inquire whether the defendant cut down more trees than the good part of the order would justify, and to assess damages accordingly (*o*). Though not directly in point, the principle of this case seems to bear strongly upon the question suggested. And so where a single count in trover charged the conversion of goods, chattels, and *fixtures*, to wit, &c., and a general judgment for the plaintiff, a motion was made to set aside the verdict on the ground that trover did not lie for fixtures. Parke, B., said that if it were clear that this declaration

(*k*) 1 Roll. Abr. 570. See *Clarke v. Roe*, 4 Ir. C. L. 1.

(*l*) 10 Rep. 130, a.

(*m*) *Chadwick v. Trower*, 6 Bing. N. C. 1 : *Leach v. Thomas*, 2 M. & W. 427 : *Sterrenson v. Newnham*, 13 C. B. 285. At one time the rule used to be to arrest judgment *in toto*: *Grameel v. Rhobotham*, Cro. Eliz. 865 : *Staynrode v. Locock*, Cro. Jac. 115 ; 5 Rep. 108 b. : *Holt v. Scholefield*, 6 T. R. 691 : *Sicklemore v. Thistleton*, 6 M. & S. 9. For this purpose several breaches of the same agreement, or of the same covenant, were considered as several counts : *Leach v. Thomas*, *ubi sup.* : *Sicklemore v. Thistleton*, *ubi sup.*

(*n*) *Lawrie v. Dyball*, 8 B. & C. 70 : *Campbell v. Lewis*, 3 B. & A. 392.

(*o*) *Jenny v. Brook*, 6 Q. B. 323.

contained two distinct causes of action, for one of which trover could not be maintained, then, as general damages had been assessed upon the whole declaration, there must be either an arrest of judgment, or *venire de novo*; it was unnecessary to determine which. And he said the case was distinguishable from that of an action for words, some of which are not actionable; for there the Court would presume that the non-actionable words were not intended to constitute the cause of action, but were used merely as matter of aggravation or explanation. The Court held, however, that fixtures did not necessarily mean things affixed to the freehold, and therefore the objection fell to the ground in that instance (*p*).

Where the action was for defamation, the following distinction was taken: that if an action was brought for speaking words all at one time, that is, all in one count, and there was a verdict, though some of the words would not maintain the action, yet if any of the words would, the damages might be given entirely; for it was intended that the damages were given for the words which were actionable, and that the others were inserted only for aggravation. But if the action was brought for several words spoken at several times, and the action would not lie for the words spoken at one time, but would lie for the words spoken at another, and a verdict was found for all the words and entire damages given, it was not good (*q*). In an early case the first branch of this rule was put on the common-sense ground, that if judgment must be arrested, a man by speaking words not actionable and words actionable together would secure himself from action, because he must be found guilty of the whole or none (*r*). The latter part of the rule, so far as it conflicted with that laid down in *Laure v. Dyeball*, cited above, probably proceeded on the ground, that when words appeared to have been spoken on different occasions, the Court treated them as different counts. If, then, one turned out to be bad, of course general damages assessed on all would be bad also.

In actions for slander.

(*p*) *Sheen v. Rickie*, 5 M. & W. 175, 181.

(*q*) 2 Wms. Saund. 171, d.; 2 Wms. Notes to Saund. 498: *Bois v. Bois*, 1 Lev. 134: *Brooke v. Clarke*, Cro. Eliz. 328: *Penson v. Gooday*, Cro. Car. 327: *Griffiths v. Lewis*, 8 Q. B. 841: *Alfred v. Farlow*, 8 Q. B. 854.

(*r*) *Lloyd v. Morris*, Willes, 443.

New procedure.

Under the present practice mistakes made in allowing juries to assess damages generally instead of severally will not practically be of so much importance as formerly. New trials will only be granted where there has been substantial wrong or miscarriage : and final judgment may be given as to part of the matters in controversy though a new trial be directed as to the remainder (*s*).

Separate assessment in detinue.

It may still be useful to remember that in detinue, damages ought to be assessed as to each chattel separately, that a satisfaction may be had in value for each parcel in case they be not all delivered (*t*). And if the jury do not assess damages, the Court cannot exercise its jurisdiction given originally by 17 & 18 Vict. c. 125, s. 78, and continued by the new rules (*u*), to order a delivery to the plaintiff in specie (*x*). It was held under the old practice that the defect could not be remedied by a writ of inquiry, but there must be a *venire de novo* (*y*).

Prospective damage.

I examined in the early part of this work (*z*) the cases in which damages might be given in respect of matters subsequent to action brought. For a continuing cause of action damages are to be assessed down to the time of assessment (*a*).

Where the action is against several, damages must be assessed generally.

II. 1. Where, under the old system, an action was brought against several, and the plaintiff had a verdict against all, if the action was on a contract, it necessarily was for the amount of the single liability which rested upon all. And even where the action was for a tort, the jury were obliged to assess damages generally against all, and that whether they united or severed in the pleas and issues (*b*). And in such a case, the measure of damage was the gross amount of injury which the plaintiff had received from all, it being said that "although one of them *de facto* does more and greater wrong than the others, yet all coming to do an unlawful act and of one party, the

(*s*) Ord. 39, R. 6.

(*t*) *Pawly v. Holly*, 2 W. Bl. 853. See *ante*, p. 425.

(*u*) Ord. 48, R. 1.

(*x*) *Chilton v. Carrington*, 15 C. B. 730 ; 24 L. J. C. P. 78. See, however, *Winfield v. Boothroyd*, 34 W. R. 501 ; and Ord. 48, R. 1.

(*y*) 10 Rep. 119, b. : *Herbert v. Waters*, 1 Salk. 205.

(*z*) *Ante*, p. 106.

(*a*) Ord. 36, R. 58.

(*b*) *Cooke v. Jennor*, Hob. 66 : *Heydon's Case*, 11 Rep. 5, b. : *Crane v. Hummerstone*, Cro. Jac. 118 : *Onslow v. Orchard*, Stra. 422 : *Lowfield v. Bancroft*, Str. 910 : *Hill v. Goodchild*, 5 Burr. 2790.

act of one is the act of all of the same party being present" (c). A doubt was, however, expressed as to this latter doctrine. An action was brought against the sheriff and one of his officers jointly, and large damages given. The Court held that the damages were not excessive against the sheriff, though they would be excessive against his officer but for the doctrine above mentioned. "It has been said," they observed, "that in an action for tort against several defendants who have taken different parts in the transaction, the measure of damages ought to be the sum which ought to be awarded against the most guilty of the defendants. We wish to afford an opportunity for discussing whether there be such a doctrine, and how far it applies to the present cause" (d). And it was quite settled that in no case could the malignant motive of one party be made a ground of damage against the other party, who was altogether free from such improper motive. In such case the plaintiff was bound to select the party against whom he meant to get aggravated damages (e).

Now that actions may be brought against all defendants against whom the right to relief is alleged to exist whether jointly, severally, or in the alternative, and judgment given against such one or more of them as may be found liable according to their respective liabilities, it is possible that juries will be allowed to distinguish between defendants in according damages for a joint unlawful act (f). New procedure.

It was laid down in some old authorities, that in trespass against two, if the jury found one guilty at one time, and the other at another, there several damages might be taxed; but if the plaintiff himself confessed that they committed the trespasses severally, there the writ should abate; and so there was a difference between finding by verdict, and confession of the party (g). And so where one was found guilty of one part and one of another (h); or one of part and another of the Contrary decisions.

(c) 11 Rep. 5, b.: *Brown v. Allen*, 4 Esp. 158: *Eliot v. Allen*, 1 C. B. 18: *Clark v. Newsam*, 1 Ex. 131.

(d) *Gregory v. Cotterell*, 22 L. J. Q. B. 217.

(e) *Clark v. Newsam*, 1 Ex. 131, 140. See *Wright v. Court*, 2 C. & P. 232.

(f) Ord. 16, R. 4 and 5. See *ante*, p. 473.

(g) 11 Rep. 5, b.

(h) *Player v. Warn*, Cro. Car. 54.

whole (i). And where entire damages were found in such a case against all, judgment was reversed (k). According to later decisions, this was not considered to be law. Torts being in their nature several, the jury might find any one guilty, and acquit the rest ; but if they found several guilty they could only convict them of that which was charged against them, viz., a joint offence. Accordingly, where several persons were sued jointly for assault and false imprisonment, two having taken the plaintiff into custody, and delivered him over to the third by whom he was detained, it was ruled that the attention of the jury must either be confined to what took place at the place of detention, or there must be a verdict in favour of the third defendant. And for this reason, because the damages being joint against all, the latter defendant would be liable to pay for an act with the commission of which he had nothing to do (l). And so when the action was against three, for entering a dwelling-house and seizing goods, and the evidence proved that two of the defendants seized the goods, and one entered the house, but no joint trespass was established, *Cresswell, J.*, compelled the plaintiff's counsel to elect on which trespass he would go to the jury. As soon as the plaintiff proved a distinct trespass committed by one of several defendants, and by him alone, and then tendered evidence of a different trespass, he was liable to be called on to make his election (m).

New procedure.

But now it is not necessary that every defendant should be interested as to all the relief prayed for, and a jury would be entitled to award damages against a defendant for a distinct trespass committed by him alone, in addition to the damages awarded against him and his co-defendants for a joint trespass (n). A plaintiff cannot, however, sue as co-defendants two independent separate alleged tort-feasors, neither of whom has any control over the acts of the other (o).

(i) *Austen v. Willcard*, Cro. Eliz. 860 : *Whitwell v. Short*, Styl. 5.

(k) *Ibid.*

(l) *Aaron v. Alexander*, 3 Camp. 35 : *Powell v. Hodgetts*, 2 C. & P. 432.

(m) *Howard v. Newton*, 2 M. & Rob. 509 : and see *Barnard v. Goettling*, 1 N. R. 245. As to how the error of taking damages severally instead of jointly could be cured can be seen, if desired, in the first edition of this work (1856), p. 330.

(n) Ord. 16, R. 4.

(o) *Sadler v. G. W. Ry.*, [1895] 2 Q. B., per A. L. Smith, L.J., at p. 692 ; affirmed, [1896] A. C. 450 : 65 L. J. Q. B. 462.

2. Where some defend as to the whole action, and others pay money into Court, if the jury find all guilty, and that the sum paid is enough as to all, they must acquit the party pleading payment, and find against the other parties with nominal damages. But they cannot find that the sum is enough as to the party paying it, and further damages against the others. In such a case, if the tort was actually a joint one, they must find against all for the surplus left unsatisfied after the payment into Court (*p*). At least this was the practice until the recent changes, and it should apparently continue, unless indeed juries, as suggested above, are allowed in cases of joint torts to give aggravated damages against those of the defendants who were actuated by peculiar malice (*q*).

Where some
pay money
into Court.

3. Where judgment by default has gone against all, the plaintiff should have damages assessed by a single writ of inquiry, if necessary. Where formerly a plaintiff executed several writs of inquiry in such a case, and several damages were given against each, it was held that if he had entered up final judgment upon these interlocutory judgments it would have been erroneous. But upon payment of costs the plaintiff was allowed to set aside his own proceedings (*r*). Now, if there were any reason against a single inquiry, a judge would probably make a special order respecting the way in which the damages should be ascertained under the powers given by the rules (*s*).

Judgment
by default
against all.

Under the old practice, before the Judicature Acts, the effect of a judgment by default, suffered by one only of several defendants, differed according as the action was in contract or for a tort. In the former case, if the writ had been specially indorsed, the plaintiff issued execution against the defendant who had not appeared, in which case he was taken to have abandoned his action against the other defendants. Or he declared against those who had appeared, suggesting the judgment by default (*t*). The latter course was a very dangerous

Judgment
by default
against one
in contract.

(*p*) *Per* Patteson, J., *Walker v. Woodcott*, 8 C. & P. 352.

(*q*) *Ante*, p. 591.

(*r*) *Mitchell v. Milbank*, 6 T. R. 199.

(*s*) Ord. 13, R. 5; Ord. 27, R. 4.

(*t*) C. L. P. Act, 1852, s. 33.

one, unless success against the defendants who had appeared was certain, since if he failed against them in consequence of a defence which went to the ground of the action, he could not have judgment against the party who had made default (*u*); and he could not remedy it by entering a *nolle prosequi* against those who appeared (*v*). Where, however, the plea of those who appeared was a matter of mere personal discharge, as bankruptcy, insolvency, *ne unques executor* (*x*); or even where such a plea was joined with one which went to the base of the action (*y*), the plaintiff might enter a *nolle prosequi* against the party pleading, and still retain his remedy against the other. But infancy was not such a plea of merely personal discharge as would allow of a *nolle prosequi* being entered, since it proved that there never was a binding contract made by all the parties, not that it had ceased to bind one of them (*z*).¹ The proper course in such a case was to discontinue and sue the adult alone (*a*).

In tort.

Where the action against several was in tort, and some let judgment go by default, and others pleaded, a special *venire* was awarded, *tam ad triandum quam ad inquirendum*, and the jury who tried the issue assessed damages against both (*b*). And if upon the trial those who had pleaded were acquitted, damages might still be assessed against those who had let judgment go by default (*c*). But it was otherwise if the plea of those who appeared not only operated as a defence to themselves, but showed that the plaintiff had no cause of action against either, as that the goods taken were a gift from the plaintiff to the defendant, or a lawful distress for rent, or that the plaintiff had released one of the joint trespassers (*d*); apparently, however, the plaintiff might at his option take

(*u*) *Porter v. Harris*, 1 Lev. 63 : *Boulter v. Ford*, 1 Sid. 76.

(*v*) 1 W. Saund. 207, a. ; 1 Wms. Notes to Saund. 215.

(*x*) *Noke v. Ingham*, 1 Wils. 89.

(*y*) *Moravia v. Hunter*, 2 M. & S. 444.

(*z*) *Chandler v. Parkes*, 3 Esp. 76 : *Jaffray v. Frebain*, 5 Esp. 47.

(*a*) *Burgess v. Merrill*, 4 Taunt. 468.

(*b*) 11 Rep 6, a. And this was also the proper course when the action was in contract for unliquidated damages : *Thompson v. Shanley*, 4 Ir. C. L. R. 617 : 2 Ch. Arch. Pr. 980, 9th ed.

(*c*) *Jones v. Harris*, Stra. 1108 : *Creasy v. Webb*, Stra. 1222.

(*d*) *Briggs v. Greinfeild*, Stra. 610 ; 2 Lord Raym. 1372, S. C. : *Marler v. Ayliffe*, Cro. Jac. 134 ; 1 Inst. 125, b.

judgment against those who made default and enter a *nolle prosequi* against the others (e).

Now, these distinctions have been done away with. If the writ is specially indorsed for a debt or a liquidated demand in money, and one or more defendants do not appear, or do not deliver a defence, the plaintiff may enter final judgment against such as have not appeared, and may issue execution upon such judgment without prejudice to his right to proceed with his action against such as have appeared (f). And when the action is for detention of goods and pecuniary damage, or either of them, if one of several defendants make default, the plaintiff may enter an interlocutory judgment against him, and proceed with the action against the others; and damages against the defendant making default will be assessed at the same time with the trial of the action or issues therein against the other defendants, unless the Court or a judge otherwise direct (g). Seeing, also, that all persons may be made defendants against whom the right to any relief is alleged to exist jointly, severally, or in the alternative, and judgment may be given against one or more of them according to their respective liabilities (h), the nice questions of non-suit which used to arise will cease to do so.

New procedure.

Although in tort the plaintiff may proceed against any of the wrong-doers separately, a recovery against one will be a bar to an action against any other whom he might have joined in the same action; for by the judgment the damages are converted into certainty (i). But the mere pendency of an action against one is no answer to an action against another (k), whether on a contract or tort.

Former recovery in tort.

III. We have seen before (l) that no greater damages can be

Verdict for larger damages than are claimed.

(e) *Waleh v. Bishop*, Cro. Car. 239, 243.

(f) Ord. 13, R. 4; Ord. 27, R. 3: see *Jenkins v. Davies*, 1 Ch. D. 696, where the defendants were husband and wife.

(g) Ord. O. 13, R. 6; Ord. 27, R. 5.

(h) Ord. 16, R. 4.

(i) *Morton's Case*, Cro. Eliz. 30; *Brown v. Wootton*, Cro. Jac. 74; *Cooke v. Jennor*, Hob. 66; *Lechmere v. Fletcher*, 1 C. & M. 634; *King v. Hoare*, 13 M. & W. 504; *Brinsmead v. Harrison*, L. R. 6 C. P. 584; 40 L. J. C. P. 281: affirmed 41 L. J. C. P. 190. See *ex parte Drake*, 5 Ch. D. 866.

(k) *Henry v. Goldney*, 15 M. & W. 494: overruling *Boyce v. Douglass*, 1 Camp. 60.

(l) *Ante*, p. 146.

given than are alleged in the statement of claim. Under the old practice, if the jury gave more it was error, and the judgment was reversed (*m*). After judgment the party could not himself amend, but the Court would, in the exercise of their authority to amend, allow him to become their instrument for that purpose; and this they would do, even in a subsequent term, and after error brought on that very account, and joinder therein (*n*).

Double and treble damages.

IV. There are or were various statutes giving double and treble damages against a person violating their provisions. For instance, treble damages were given for a forcible entry into the lands of the plaintiff (*o*), or for extortions by sheriffs, coroners, and officers of that nature (*p*), or for an improper impounding of a distress (*q*), or where a verdict was found for the defendant in replevin where a distress had been taken for poor-rates (*r*). And so double damages are given for distraining the plaintiff's goods, no rent being due (*s*). And treble damages for pound-breach or rescuing a distress (*t*). In all these cases the practice is to take the sum returned by the jury, and without any further communication with them, to double or treble the amount (*u*).

V. Having now gone through the practice according to which a jury ought to assess damages, it remains to notice the manner in which any omission by them so to do may be supplied.

When a writ of inquiry may assess damages in place of the principal jury.

The old practice upon this point was that where the matter omitted to be inquired into by the principal jury was such as

(*m*) 1 Roll. Abr. 578: *Persival v. Spencer*, Yelv. 45: *Hobblins v. Kimble*, 1 Bulstr. 49: *Cheveley v. Morris*, 2 W. Bl. 1300. Proceedings in error are now abolished. Ord. 58, R. 1 [1875].

(*n*) *Pickwood v. Wright*, 1 H. Bl. 648: *Usher v. Dansey*, 4 M. & S. 94. For the principle of these amendments, see *post*, ch. 20.

(*o*) 8 Hen. VI. c. 9, s. 6; repealed by 42 & 43 Vict. c. 59; Dyer, 214, a, pl. 45.

(*p*) 13 Hen. VI. c. 10, s. 11; 29 Eliz. c. 4: *Brunsdon's (Bumpsted's) Case*, Cro. Car. 438, 448.

(*q*) 1 & 2 Ph. & M. c. 12, s. 1.

(*r*) 48 Eliz. c. 2, s. 19; repealed by 26 & 27 Vict. c. 125: *Newman v. Barnard*, 10 Bing. 274.

(*s*) 2 W. & M. sess. 1, c. 5, s. 4: *Masters v. Farris*, 1 C. B. 715.

(*t*) 2 W. & M. sess. 1, c. 5, s. 3: *Anon.*, Lord Raym. 342: *Lawson v. Storie*, Salk. 205.

(*u*) *Attorney-General v. Hatton*, 13 Pri. 476; M'Clell. 214: *Buckle v. Bewce*, 4 B. & C. 154; Bro. Dam. pl. 70.

went to the very point of the issue, such matter could not be supplied by a writ of inquiry. But where the matters omitted to be inquired into by the jury did not go to the point in issue, or necessary consequence thereof, but were things merely collateral, they might be inquired into by a subsequent writ of inquiry.

Hence, no writ of inquiry could issue where the jury had omitted to assess damages in detinue or trespass (*x*); or libel (*y*); or on a bond conditioned for the performance of covenants within statute 8 & 9 W. III. c. 11 (*z*); or in assumpsit, though the only issue was on a plea of abatement (*a*). But in all these a *venire de novo* was awarded. Nor could an omission to assess damages on the traverse to a return to a mandamus be supplied (*b*). Where, however, in such a case as that last mentioned, the jury had omitted to give nominal damages, but the omission to mention them to the jury, and to enter them as part of the associate's minutes, was accidental; the judge having intended so to direct them, it was held that the judge was justified in ordering 1*s.* damages to be entered on the *postea* (*c*).

On the other hand, where the plaintiff had a verdict, and damages assessed upon an immaterial issue, or even where judgment had gone for the defendant, still, if enough appeared upon the pleadings to entitle the plaintiff to judgment by confession, a writ of inquiry issued to assess new damages (*d*). And the plaintiff might execute a writ of inquiry to assess damages, where the circumstances of the case entitle him to enter up judgment *non obstante veredicto* (*e*). In replevin, where the plaintiff had a verdict against him, the defendant could not, nor, it would seem, can he now, have judgment under 17 Car. II. c. 7, for the arrear of rent, or the value of the distress, except after an inquiry into the amount by the jury empanelled to try the issue (*f*). But in every other case of

Confession.

Replevin.

(*x*) 10 Rep. 119.

(*y*) *Clement v. Lewis*, 3 B. & R. 297.

(*z*) *Hardy v. Bern*, 5 T. R. 540, 636.

(*a*) *Eichorn v. Le Maistre*, 2 Wils. 367.

(*b*) *Kynaston v. Mayor of Shrewsbury*, 2 Stra. 1051.

(*c*) *Reg. v. Fall*, 1 Q. B. 636.

(*d*) *Lacy v. Reynolds*, Cro. Eliz. 214 : *Jones v. Bodinner*, Carth. 370 : *Broome v. Rice*, 2 Stra. 873.

(*e*) *Shephard v. Halls*, 2 Dowl. 453.

(*f*) See *ante*, p. 440.

replevin, the omission of the jury to find damages for the defendant may be remedied by a writ of inquiry (*g*).

Now a new trial can be directed under Ord. 39, R. 7, for the purpose of ascertaining the damages without interfering with the finding or decision upon any other question. Or the Court could, under Ord. 36, R. 8, order the amount of damages to be ascertained as a question of fact separately from the other questions of fact.

(*g*) Gilb. Distress, 193 : *Harcourt v. Weeks*, 5 Mod. 77 ; *Herbert v. Waters*, Carth. 362 : *Dewell v. Marshall*, 3 Wils. 442 : *Valentine v. Fawcett*, 2 Stra. 1021 : and see *Wright v. Lewis*, 9 Dowl. 183. Of course where an Act, authorising a distress for local purposes, gives the avowant no damages in case of success, no inquiry is required, or can take place : *Gatobed v. Wood*, 6 M. & S. 128.

CHAPTER XX.

POWERS OF THE COURT OR JUDGE IN REGARD TO DAMAGES.

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|-------------------------------|-----------------------------------|
| 1. <i>Right to Begin.</i> | 4. <i>Increasing or Abridging</i> |
| 2. <i>Directing the Jury.</i> | <i>Damages.</i> |
| 3. <i>Amendment.</i> | 5. <i>New Trial.</i> |

THE last subject we have to consider is the part which may be taken by the Court or a judge in respect to damages ; their duties and their powers.

1. A matter of very considerable importance to the plaintiff in many cases is the right to begin. Many of the principles upon this point are quite unconnected with the topics discussed in this treatise. There is one, however, directly relevant, viz., the rule, that no matter on whom the proof of the issue may be thrown by the pleadings, the plaintiff must begin whenever he proceeds for unascertained damages (*a*). When, however, the affirmative issue rests in other respects upon the defendant, if the plaintiff's counsel will not undertake to offer proof of substantial damages, the right to commence then passes to the defendant (*b*). But even where the judge has ruled wrongly upon this point, a new trial will not be granted, unless substantial wrong has been done to the party against whom he decided (*c*). Right to begin.

2. Another imperative duty resting upon the judge at Nisi Prius is to direct the jury as to any rule of law by which they ought to be governed in their assessment of damages. Any omission, mistake, or indefiniteness in this respect, in consequence of which the jury have gone astray, will be set right Directing the jury.

(*a*) *Mercer v. Whall*, 5 Q. B. 447 : *Edge v. Hillary*, 3 C. & K. 43.

(*b*) *Chapman v. Rawson*, 8 Q. B. 673.

(*c*) *Edwards v. Matthews*, 4 D. & L. 721 : *Brandford v. Freeman*, 5 Ex. 734. And see *Orl.* 39, R. 6.

by a new trial (*d*), if at least some substantial wrong or miscarriage has been occasioned (*e*), and this whether the point has been taken at the time of trial by counsel or not (*f*).

Questions of remoteness must be decided by the judge and ought never to be left to the jury (*g*).

Amendment.

3. It would be useless now to discuss at any length the rules which used to prevail respecting an amendment of the *postea*; in cases, for instance, where the officer of the Court had entered nominal damages by mistake, where substantial damages had been given (*h*), or where the jury had not assessed the value of the articles separately in *detinue* (*i*), or where general damages had been assessed upon a declaration in which some counts were bad (*j*).

New procedure.

The successful party no longer signs judgment on the *postea*, but the judge directs the findings of fact, and the directions which he may give as to judgment to be entered in the associate's book (*k*), and the associate's certificate is the authority to the proper officer to enter judgment (*l*). If the entry in the associate's book is not according to the judge's directions, the judge who tried the cause should be applied to to direct a proper entry to be made. Where the judge has caused the findings to be wrongly entered, or the judgment to be wrongly entered having regard to the findings, any party without any leave reserved may have recourse to the Court of Appeal (*m*). That Court has full power to give any such judgment as ought to have been given by the Court below, and under special circumstances to hear fresh evidence on questions of fact (*n*).

Amendment must be in furtherance of the intention of the jury.

Although amendments of the *postea* were allowed in order to carry out the intention of the jury, by making the verdict what

(*d*) *Blake v. Midland Ry. Co.*, 18 Q. B. 93 : *Hadley v. Bazendine*, 9 Ex. 341.

(*e*) Ord. 39, R. 6.

(*f*) *Knight v. Egerton*, 7 Ex. 407.

(*g*) *Hobbs v. London & South Western Ry.*, L. R. 10 Q. B. at p. 122 ; 44 L. J. Q. B. at p. 52 ; *per* Blackburn, J. See also *Hammond v. Bussey*, 20 Q. B. D. at p. 89 ; 57 L. J. Q. B. at p. 62 ; *per* Lord Esher, M.L.

(*h*) *Newcombe v. Green*, 2 Stra. 1197.

(*i*) *Sandford v. Alcock*, 10 M. & W. 689. See *ante*, p. 590.

(*j*) *Eddowes v. Hopkins*, 1 Dougl. 377.

(*k*) Ord. 36, R. 41.

(*l*) Ord. 36, R. 42.

(*m*) Ord. 40, R. 3—5.

(*n*) Ord. 58, R. 4.

they meant, and had virtually found (*o*), the verdict could not be altered unless it clearly appeared that the alteration would be agreeable to the intention of the jury (*p*). Therefore, where in an action on 2 & 3 Ed. VI. c. 13, which gives treble value for not setting out tithes, the jury found a verdict only for the single value, it was held that the *postea* could not be amended by entering the verdict for the treble value (*q*). But where the plaintiff was entitled to treble damages, and the jury found a sum as and for single damages specifically, the Court allowed the amount to be trebled (*r*); but there the Court only gave the finding of the jury its legal effect (*s*). The rule that the intention of the jury can only be ascertained by what has passed in open Court, and that if the jury deliver one verdict, affidavits from them cannot be received to show that they intended to deliver another (*t*), will doubtless continue to prevail.

4. The power of the Court to alter the assessment of damages by their own independent authority has undergone a complete change. It was always admitted that in cases where the amount of damages was uncertain, their assessment was a matter so peculiarly within the province of the jury that the Court should not alter it (*u*). On the other hand it was laid down in old books, that wherever the demand of the plaintiff was certain, as in an action of debt, the verdict might be increased or abridged by the Court (*x*). And so in cases of mayhem, there was a long current of decisions to show that the Court had the power of increasing the damages given by the jury, either upon an inspection of the wound by the Court, or upon a certificate from the judge who tried the cause (*y*). But I am not aware of any instance in which such a jurisdiction

Power to increase or abridge the damages.

(*o*) *Wallis v. Goddard*, 2 M. & G. 912.

(*p*) *Spencer v. Goter*, 1 H. Bl. 78; *Roece v. Lee*, 7 Moo. 269; *Ernest v. Brown*, 4 Bing. N. C. 167; Bull. N. P. 320.

(*q*) *Sandford v. Clarke*, 2 Chitt. 351; *post*, p. 602.

(*r*) *Baldwin and Girrie's Case*, Godb. 245.

(*s*) 2 M. & W. 199.

(*t*) *Jackson v. Williamson*, 2 T. R. 281; *Bentley v. Fleming*, 1 C. B. 479; *Raphael v. Bank of England*, 17 C. B. 161.

(*u*) *Delres v. Wyer*, 1 Brownl. 204; Jenk. 2nd Cent. 68, pl. 29; *Bonham v. Sturton*, Dy. 105, a.; *Hawkins v. Solet*, Palm. 314.

(*x*) 11 H. IV. 10; 10 H. VI. 25; 32 H. VI. 1.

(*y*) 39 Ed. III. 20; *Tripcony's Case*, Dyer, 105, a.; *Mallet v. Ferrers*, 1 Leon. 139; *Hooper v. Pope*, Latch. 228; *Austin v. Hilliers*, Hardr. 408; *More's Case*, Freeman, 173; *Cook v. Beal*, 1 Ld. Raym. 176; *Brown v. Seymour*, 1 Wils. 5; *Hoare v. Cruzier*, 2 Tidd, Pra. 9th ed. 896; *Smallpiece v. Buckingham*, Bull. N. P. 21.

has been exercised in modern times. The Court will not even increase the damages upon an affidavit by all the jury that they thought the effect of their verdict would be to give the plaintiff a larger sum than it did (*a*). Nor where the cause was undefended, and the plaintiff's counsel took a verdict for principal alone without interest (*b*). And where the damages found by the jury have been assessed on a principle assented to by the counsel on both sides, the Court will not interfere to alter the amount of the verdict, on affidavits that counsel were mistaken in that which they assumed as the basis of their calculation (*c*). And so in an action of debt on 2 & 3 Ed. VI. c. 13, which gives treble value for not setting out tithes, the jury found a verdict for the single value only, and it was held that the *postea* could not be amended by entering the verdict for the treble value. The Court said, "Had this been an action for penalties, and the jury, upon the plea of not guilty, had found that the defendant was guilty of the premises, and that the single value of the tithes was so much, then the plaintiff might come to the Court to have the judgment entered up for treble value as given by the statute. But if the jury, as in this case, find that the defendant owes the plaintiff so much, we are bound to conclude from the *postea*, that they have taken into consideration all the damages that the plaintiff was entitled to recover. There is nothing in this case to show that the jury have only found the single value, and we cannot allow the matter to be explained by affidavit" (*d*). On the other hand, where the plaintiff was entitled to treble damages, and the jury found a sum as and for single damages specifically, the Court allowed the amount to be trebled (*e*). But there the Court only gave the finding of the jury its legal effect (*f*). Where, however, the plaintiff had evidently sustained some damage, but the jury, being unable to ascertain the amount, found a verdict for the defendant, the Court permitted the plaintiff to enter a verdict for nominal damages (*g*).

(*a*) *Jackson v. Williamson*, 2 T. R. 281.

(*b*) *Baker v. Brown*, 2 M. & W. 199.

(*c*) *Hilton v. Fowler*, 5 Dowl. 312.

(*d*) *Sandford v. Clarke*, 2 Chitt. 351.

(*e*) *Baldwin and Girrie's Case*, Godb. 245.

(*f*) 2 M. & W. 199.

(*g*) *Freize v. Thompson*, 1 Taunt. 121.

Nor will the Court in any case now reduce the damages without the consent of the plaintiff, and if he refuse, they can do nothing but order a new trial (*h*). But if he consents the judgment may be entered for the reduced sum without the consent of the defendant (*i*).

It is laid down in many old cases, that damages upon a writ of inquiry may always be increased or reduced at the pleasure of the Court (*k*), because the Court themselves, if they had so pleased, might upon an interlocutory judgment have assessed the damages, and the inquisition is only a matter of course, taken to satisfy the conscience of the Court (*l*). In practice, however, the Court never do so now, but award a new writ of inquiry in all cases in which they would award a new trial (*m*).

Damages on writ of inquiry.

Where the amount of damages depends upon a question of law, the convenient course, with a view to save the expense of a new trial, is to obtain the opinion of the jury upon the amount of damages proper to be given in either alternative, or to settle such amount by consent. A verdict being then entered according to one view of the case, if it is erroneous the matter can be set right upon motion for judgment or for a new trial.

Where damages depend on question of law.

In one case where a rule *nisi* to reduce damages had been granted, the Court refused to allow execution to issue for the part admitted, unless the plaintiff would resign the rest. Vaughan, B., said, "That the object was to have execution without any judgment to warrant it" (*n*). But where part was admitted to be due, the Court would make it a condition of granting the rule *nisi* to reduce, that the plaintiff should be allowed to issue execution for and levy that part (*o*).

5. It appears then that the question of practical importance with regard to the power of the Court over the amount of damages, is as to the cases in which a new trial will be granted.

New trial granted

(*h*) *Leeson v. Smith*, 4 Nev. & M. 304 : *Moore v. Tuckwell*, 1 C. B. 607.
 (*i*) *Belt v. Lawes*, 12 Q. B. D. 356 ; 53 L. J. Q. B. 249. See *post*, p. 610.
 (*k*) 14 H. IV. 9 ; 3 H. VI. 29 ; 19 H. VI. 10, 28 ; *Cook v. Beal*, 1 Ld. Raym. 176.

(*l*) Yelv. 152 ; 2 Wils. 374 : *Bruce v. Rawlins*, 3 Wils. 62.

(*m*) Chitt. Prac. 9th ed. 939, 1438 ; 12th ed. 1004, 1533.

(*n*) *Hellings v. Young*, 3 Sco. 770.

(*o*) *Darey v. Phelps*, 2 M. & Gr. 300 : *Bate v. Paine*, 13 Jur. 609.

where there
has been
error in
matter of law.

Subject to the qualification which has recently been introduced, that a new trial will not be granted on the ground of misdirection, or improper admission or rejection of evidence, unless some substantial wrong or miscarriage has been occasioned (*p*), a new trial will be allowed where the damages were affected in amount by improper evidence being admitted, or the jury being allowed to take into consideration a ground of claim, or mitigation which could not be supported in law (*q*); or where the jury gave greater damages than were claimed (*r*); or where a case of surprise is made out (*s*); or where the judge has omitted to direct the jury as to the proper measure of damages (*t*); or where there has been positive misdirection on his part (*u*), or misbehaviour on the part of any other person (*x*). Where, however, on the execution of a writ of inquiry, the jury asked what amount of damages would carry costs, and the under-sheriff told them any sum would do, upon which they returned a verdict of $\frac{1}{2}d.$; it was held to be no ground for a new trial, as it did not amount to a misdirection, not being wrong information on a matter which was directly in issue, or which was substantially connected with the finding on the issue (*y*).

New trial

Finally, a new trial will sometimes be granted, on the ground that the damages are too small, or excessive.

will not be
granted,
where
damages are
unliquidated
on the ground
of their being
too small,

It has been frequently decided that where the action is for unliquidated damages, the Court will not grant a new trial on account of their being too low (*z*), unless there has been some mistake in a point of law on the part of the judge who presided, or in the calculation of figures by the jury (*a*); or unless

(*p*) Ord. 39, R. 6.

(*q*) *Woodford v. Eades*, 1 Stra. 425 : *Tutton v. Andrews*, Barnes, 448 : *Jenny v. Brook*, 6 Q. B. 323 : *Lock v. Ashton*, 12 Q. B. 871.

(*r*) *Seale v. Hunter*, Loftt. 28.

(*s*) *Hall v. Stone*, 1 Stra. 515.

(*t*) *Knight v. Egerton*, 7 Ex. 407 : *Hadley v. Barendale*, 9 Ex. 341 ; 23 L. J. Ex. 179.

(*u*) *Bray v. Ford*, [1896] A. C. 44.

(*x*) *Markham v. Middleton*, 2 Stra. 1259.

(*y*) *Grater v. Collard*, 6 Dowl. 503. See *Kilmore v. Abdoolah*, 27 L. J. Ex. 307.

(*z*) *Marshall v. Buller*, 2 Roll. Rep. 21 : *Hayward v. Newton*, 2 Stra. 940 : *Parker v. Dixie*, *ibid.* 1051 : *Lord Gower v. Heath*, Barnes, 445 : *Burges v. Nightingale*, Barnes, 230 : *Russel v. Ball*, Barnes, 455 : *Anon.*, 2 Leon. 214 : *Manton v. Bales*, 1 C. B. 444.

(*a*) *Rendall v. Hayward*, 5 Bing. N. C. 424 : *Forndike v. Stone*, L. B.

it appears that the jury must have omitted to take into consideration some of the elements of damage (*b*). The alleged reason is, that new trials came only in the room of attainds, as being an easier and more expeditious remedy, and no attaind would lie for giving too small damages (*c*). Accordingly a new trial was refused, where in an action of trespass, for bringing the plaintiff before a magistrate on an unfounded charge of felony, only a $\frac{1}{2}d.$ damages were given, though a question of character was involved (*d*). So where the jury only gave 5*l.* in an action for maliciously suing out a commission of bankruptcy against the plaintiff, though he proved that it had cost him 30*l.* to set it aside, and no evidence was offered on behalf of the defendant (*e*). And so where in an action for assault and battery only 8*l.* were assessed, though it appeared that the plaintiff's cure had cost him 18*l.*, and no evidence was given to the contrary (*f*). In one case where the action was for running over the plaintiff, whose thigh was broken, and his surgeon's bill came to 10*l.*, a new trial was granted, the jury having only awarded $\frac{1}{2}d.$ damages. Lord Denman said, "A new trial on a mere difference of opinion as to amount may not be grantable, but here are no damages at all" (*g*). On the other hand, in a later case, where the same damages were given in an action against a surgeon for negligence, whereby the plaintiff lost his thigh, a new trial was refused. Tindal, C.J., said, "It is not usual with the Court to grant a new trial on the ground that the damages are smaller than the Court may think reasonable. At any rate, a new trial ought not to be granted on such a ground, unless the judge who tried the cause is dissatisfied with the smallness, which, as the learned judge has informed us, is not the case in the present instance" (*h*). So strict is the rule, that no remedy can be

3 C. P. 607; 37 L. J. C. P. 301: *Wilson v. Hicks*, 26 L. J. Ex. 242: *Nichol v. Bestwick*, 28 L. J. Ex. 4.

(*b*) *Phillips v. L. & S. W. Ry. Co.*, 4 Q. B. D. 406; affirmed 5 Q. B. D. 76, *ante*, p. 474.

(*c*) *Barker v. Dixie*, *ubi sup.*

(*d*) *Apps v. Day*, 14 C. B. 112. And see *Foradike v. Stone*, *supra*.

(*e*) *Mauricet v. Brecknock*, 2 Dougl. 509.

(*f*) *Donnelly v. Baker*, Barnes, 154.

(*g*) *Armstrong v. Haley*, 4 Q. B. 917.

(*h*) *Gibbs v. Tunaley*, 1 C. B. 640. See as to the weight to be given to the judge's opinion that the verdict was perverse, *Quinlan v. Murnane*, 18 L. R. Ir. C. L. 53.

unless there has been misconduct of the jury.

had where the jury only gave 1s. damages, though it was admitted that they would have given 40s. had they known that amount was necessary to carry costs (i). Nor will a new trial be granted on the ground that from the smallness of the damages the jury must have come to a compromise, unless from the circumstances of the case, it is evident that there has been a total refusal of the jurors to discharge their duty, and the verdict is necessarily wholly inconsistent, as, for instance, where there is a verdict for the plaintiff of $\frac{1}{2}d.$ on a bill of exchange, where the only plea was that the bill was forged (k).

New trial will be granted where there is a measure of damages.

Even independently of misconduct on the part of the jurors a new trial will be granted where the action is on a contract for a fixed sum, and by some mistake or accident a verdict has been taken for a smaller amount; as, for instance, on a covenant to pay a sum of money generally (l); or as liquidated damages (m); or in an action on a promissory note, where less than the amount has been given (n); or interest has been withheld without proper cause (o). And so it was allowed where the plaintiff, in an undefended action for a mortgage debt, had omitted to have interest assessed (p).

Contingent assessment.

Where the plaintiff has suffered damages to be assessed contingently, he cannot afterwards claim a new trial, on the ground of their being insufficient (q).

New trial on the ground of damages being excessive.

The power of the Court to grant a new trial, on account of the excessiveness of damages, seems to be comparatively modern, and to have sprung up when attaints fell into disuse (r). Accordingly the Court held in several cases that they had no right to interfere, where there had been no misbehaviour on

(i) *Mears v. Griffin*, 1 M. & Gr. 796 : *Kilmore v. Abdoolah*, 27 L. J. Ex. 307.

(k) *Richards v. Rose*, 23 L. J. Ex. 3 ; 9 Ex. 218. See *Kelly v. Sherlock*, L. R. 1 Q. B. at p. 695 ; 35 L. J. Q. B. at p. 212 : *per Mellor, J.* : *Falvey v. Stanford*, L. R. 10 Q. B. 54 ; 44 L. J. Q. B. 7.

(l) *Anon.*, Salk. 647 : *Lethbridge v. Mytton*, 2 B. & Ad. 772.

(m) *Farrant v. Olmias*, 3 B. & A. 692.

(n) *Russel v. Ball*, Barnes, 455.

(o) *Laing v. Stone*, 2 M. & R. 561 : *Du Belloiz v. Waterpark*, 1 D. & R. 16 : *Cameron v. Smith*, 2 B. & A. 308.

(p) *Baker v. Brown*, 2 M. & W. 199. See further as to setting aside a judgment on the ground of mistake in claiming too little, *Cannan v. Reynolds*, 5 E. & B. 301 ; 26 L. J. Q. B. 62.

(q) *Morriash v. Murrey*, 13 M. & W. 52 : *Booth v. Clive*, 10 C. B. 827.

(r) *Barker v. Dizie*, 2 Stra. 1051.

the part of the jury, and there was no measure of damages by which they could correct the mistake (s). It is now, however, well acknowledged, that whether in actions for malicious prosecution, words, or any other matter, if the damages are clearly too large, the Court will send the inquiry to another jury (t). But it must appear from the amount of damages, as compared with the facts of the case laid before the jury, that the jury must have acted under the influence either of undue motives, or of some gross error and misconception on the subject (u). In Ireland, it has been said in several cases, that to render damages excessive the amount should be such that no reasonable proportion exists between it and the circumstances of the case (v). And in a case of uncertain damage, where matters have been left properly for all the parties to the sound discretion of the jury, in a subject of which they are competent and proper judges, a new trial will not be granted, "because if the Court had been to fix the damages, they might have given less" (x). The case must be very gross, and the damage enormous, for the Court to interpose (y). And where the judge has recommended the jury to give nominal damages, and they award substantial damages, the verdict cannot merely on this account be treated as perverse (z).

The modern rule of practice has been stated to be that if the damages were so large that no jury could reasonably have given them the verdict will not be allowed to stand, but if twelve reasonable men might have given them the verdict will not be interfered with (a).

Every case must of course be judged upon its own peculiar

(s) *Wilford v. Berkeley*, 1 Burr. 609 : *Duberley v. Gunning*, 4 T. R. 651.

(t) *Per* Mansfield, C.J., *Hewlett v. Crouchley*, 5 Taunt. 277 : *Gilbert v. Burtenshaw*, Cowp. 230 : *Corkery v. Hickson*, 10 Ir. Rep. C. L. 174.

(u) *Per* Lord Ellenborough, *Chambers v. Caulfield*, 6 East, 256 : *Lambkin v. S. E. Ry.*, 5 App. Ca. 352.

(v) *McGrath v. Bourne*, 10 Ir. R. C. L. 160 Ex. : *Beattie v. Moore*, 2 Ir. L. R. 28 Ex. D. : *Corkery v. Hickson*, 10 Ir. C. L. 174 Q. B. : *Harris v. Arnott*, 26 L. R. Ir. C. L. 55.

(w) *Gilbert v. Berkinshaw*, Loftt, 771, 774.

(y) *Per* Yates, J., 3 Wils. 63 ; and see *per* Cur. 2 Wils. 250 ; and *per* Pratt, C.J., 2 Wils. 207.

(z) *Chilvers v. Greaves*, 5 M. & Gr. 578.

(a) *Præd v. Graham*, 24 Q. B. D. 53 ; 59 L. J. Q. B. 230 (C. A.). There the jury gave 500*l.* for a defamatory letter written by the defendant to the plaintiff's wife.

facts. It may be useful, however, to give a few instances of the manner in which the Courts formerly exercised their discretion upon this point.

Cases in
which it has
been refused.
Trespass.

Where custom-house officers entered the plaintiff's dwelling-house in the day, without a constable, but with a writ of assistance, to search for uncustomed goods, and stayed in the house about an hour, but broke open no door, or lock, or bolt, and did little or no damage, sums of 100*l.* and 200*l.* were held not to be excessive. Gould, J., said, "The entering the plaintiff's house under colour of legal authority aggravates the trespass" (*b*). In trespass for forcible entry into a dwelling-house, and remaining there three or four days under colour of a distress for rent, it appeared that one defendant claimed a title to the property, which he chose to assert in this manner, though without a shadow of right. The others were a broker and assistants. The Court refused to set aside a verdict for 1,000*l.* (*c*). Trespass against a landlord for injury to his tenant's crops, by entering to cut and remove timber without applying for leave. The whole value of the crops was 200*l.*, and the jury found a verdict for 300*l.* The Court refused to set it aside. Maule, J., said, "If we were to hold that the jury, in estimating the damage for an unlicensed trespass of this sort, are to be restrained to exactly the amount of the injury sustained by the plaintiff, it would in effect be placing the wrong-doer upon precisely the same footing as one who enters with the owner's permission. Besides, it is to be observed that this was not the case of a single act of trespass, but of a series of trespasses, persisted in day after day, and for several weeks, and that this was done for the pecuniary benefit of the defendant" (*d*). So, where the defendant, a banker and M.P., persisted in shooting upon the plaintiff's land, though requested to desist, and used insolent language, 500*l.* was held not to be excessive (*e*).

Assault.

Where the defendant struck the plaintiff in a quarrel, in the course of which the plaintiff had called him a scoundrel,

(*b*) *Bruce v. Rawlins*, 3 Wils. 61: *Redshaw v. Brook*, 2 Wils. 405. See also *Thomas v. Harris*, 27 L. J. Ex. 353.

(*c*) *Bland v. Bland*, 1 H. & W. 167. See *Gregory v. Cotterell*, 22 L. J. Q. B. 217.

(*d*) *Williams v. Currie*, 1 C. B. 841, 847.

(*e*) *Merest v. Harrey*, 5 Taunt. 442.

a verdict for 200*l.* was sanctioned (*f*). And Heath, J., said "He remembered a case, where a jury gave 500*l.* damages for merely knocking a man's hat off, and the Court refused a new trial" (*g*).

In the celebrated cases of arrest under general warrants, 300*l.* was held not to be excessive in an action against the king's messenger, who had treated the plaintiff with great civility, and only detained him six hours (*h*). And in a more aggravated case of the same nature, where the plaintiff was kept in custody for six days, a verdict for 1,000*l.* was sustained (*i*). So 200*l.* damages were held not to be too great where the plaintiff had been kept a night in custody on a charge of felony (*k*). And where the plaintiff in an action for false imprisonment was a native of Minorca, and the defendant was the governor, 3,000*l.* damages was allowed (*l*).

Where the defendant, an attorney, brought seven indictments for felony against his clerk, keeping the matter secret from him, and gave no evidence when the case came on, upon which the plaintiff sued him for a malicious prosecution, it was held that 2,000*l.* damages was not excessive; and that it was no excuse that the defendant had obtained counsel's opinion advising the prosecution, when the case laid before him was not rightly stated. Mansfield, C.J., asked, "Could anyone say that any rational man of character would for 2,000*l.* put himself in this situation? If not, the damages are not excessive" (*m*). And in another case, where the plaintiff was arrested and indicted for felony, out of mere revenge, and without a shadow of pretence, 10,000*l.* was allowed (*n*).

It has been said in cases of seduction, that actions of that sort are brought for example's sake, and that although the plaintiff's loss may not really amount to the value of 20*s.*, yet the jury do right to give liberal damages (*o*); accordingly 200*l.* was allowed in one case, though the defendant had been

(*f*) *Grey v. Grant*, 2 Wils. 252 : *Ducker v. Wood*, 1 T. R. 277.

(*g*) 5 Taunt. 443.

(*h*) *Huckle v. Money*, 2 Wils. 205.

(*i*) *Beardmore v. Carrington*, 2 Wils. 244.

(*k*) *Edgell v. Francis*, 1 M. & Gr. 222.

(*l*) *Fabrigas v. Mostyn*, 2 W. Bl. 929.

(*m*) *Hewlett v. Cruikley*, 5 Taunt. 277.

(*n*) *Leith v. Pope*, 2 W. Bl. 1327.

(*o*) *Per Wilmot, C.J., Tullidge v. Wade*, 3 Wils. 18.

placed in circumstances of peculiar temptation by the female's own mother (*p*).

Breach of
promise of
marriage.

Sums of 400*l.* and 3,500*l.* have been allowed in actions for breach of promise of marriage, according to the wealth of the defendants (*q*).

Trover.

In trover for a diamond necklace, part only of which was traced into the defendant's hands, the Court refused to set aside a verdict for the whole value, as the defendant's affidavit did not allege that the whole of it had never been in his possession (*r*). And so in an action for an apothecary's bill, consisting of a great number of items, a rule for a new trial was refused, where the jury had given a verdict for the whole sum claimed, though every item was not proved, evidence having been given as to some of them (*s*). But a contrary decision was given in another case, where the claim was for work and labour, and an entire verdict given, several of the items being unsustained (*t*).

Mistake in
assessment.

Where the plaintiff is willing to rectify any mistake in the assessment, the Court will not set aside the verdict if it can possibly be sustained, as this would be to allow the defendant a fresh chance of a finding upon the issues, under the pretext of objecting to the amount of damages (*u*). Nor will they, upon an application for a new trial on the ground of excessive damages, hear affidavits of the defendant's witnesses to explain or add to anything said by them at the trial (*x*).

Compromise
where
damages
excessive.

Where an excessive verdict is given, it is usual for the judge to suggest to counsel to agree on a sum, to prevent the necessity of a new trial (*y*). And in the absence of agreement the Court has power, with the consent of the plaintiff, to reduce the damages to a reasonable sum instead of ordering a new trial (*z*). It would seem also from what was said in the case in which this was recently decided, that where the damages are

(*p*) *Bennett v. Allcott*, 2 T. R. 166.

(*q*) *Harrison v. Cage*, Carth. 467; *Wood v. Hurd*, 2 Bing. N. C. 166.

(*r*) *Mortimer v. Cradock*, 12 L. J. C. P. 166.

(*s*) *Wheeler v. Sims*, 5 Jur. 151.

(*t*) *Brewer v. Jackson*, 5 Jur. 701.

(*u*) *Thomas v. Fredericks*, 10 Q. B. 775; *Belt v. Lawes*, 12 Q. B. D. 356.

(*x*) *Phillips v. Hatfield*, 8 Dowl. 882.

(*y*) 7 Bing. 320.

(*z*) *Belt v. Lawes*, 12 Q. B. D. 356; 53 L. J. Q. B. 249. See *ante*, p. 603.

too small, the Court may with the defendant's consent increase them, although the plaintiff asks for a new trial (*a*).

The following are instances of a contrary discretion being exercised by the Court. Where the action was for diverting plaintiff's water-course, and 3,000*l.* was given, the Court set it aside as being excessive and not warranted by the evidence; it being a mere question of property as stated on the record, where there was something to measure the damages by, namely, the deterioration of the property itself, and therefore not like cases of personal injuries. Though they said that even in a case like the present, which was attended with several circumstances of aggravation, they would not measure the damages which the jury had given in a nice balance; but making a very liberal allowance in that respect, they were still bound to take care that the verdict should not greatly exceed the damage proved. They ordered the former verdict, however, to stand as security for the damages that might be given on the second trial (*b*). And where, in an action for assault, it appeared that the plaintiff was servant to the defendant, and that on receiving a slight blow for impertinent behaviour he had fallen upon his master, and beaten him violently, a verdict of 40*s.* was set aside as excessive (*c*). In a later case an importunate beggar having refused to quit defendant's house, defendant had him arrested by a constable, and kept in custody one night at an inn. The next day he was brought again before the defendant, and said he must have some money, upon which defendant told him he might have two sovereigns, or go before a magistrate. Plaintiff consented to take the money, but said he must have something more to pay his expenses, upon which defendant gave him half-a-crown and some refreshment, and plaintiff went away. He sued defendant, and recovered 100*l.*, no plea of accord and satisfaction having been pleaded. A new trial was granted, on the ground that he had himself set a limit upon his demand (*d*).

Cases in which a new trial was allowed.

The Courts formerly made it a rule not to grant a new trial

New trial where verdict is under 20*l.*

(*a*) *Ib.*, per Brett, M.R., at p. 358.

(*b*) *Pleydell v. Earl of Dorchester*, 7 T. R. 529.

(*c*) *Jones v. Sparrow*, 5 T. R. 257.

(*d*) *Price v. Serrin*, 7 Bing. 316.

when the verdict was for less than 20*l.*, unless they could grant it without costs (*e*). The costs now, however, are in the discretion of the Court. The rule never did apply where the matter in dispute involved a question of permanent right (*f*), nor where the verdict was perverse (*g*), nor did it apply to cases of replevin (*h*). And in a recent case, where the verdict was under 20*l.*, a new trial was granted, on the ground that the judge who tried the cause was dissatisfied with the verdict, and that there was an uncontradicted affidavit that one of the jurymen had misconducted himself; by expressing a strong opinion against the defendant, when he had not heard his case, but only that of the plaintiff (*i*). Nor did the rule extend to cases tried before an inferior court on a writ of trial (*k*), in which the rule was to grant a new trial unless the damages were under 5*l.* (*l*).

A judgment may be maintained as to part, and reversed as to damages (*m*).

(*e*) — *v. Phillips*, 1 C. & M. 26 : *Woods v. Pope*, 1 Bing. N. C. 467.

(*f*) *Turner v. Lewis*, 1 Chitt. Rep. 265 : *Allum v. Boulthbee*, 9 Ex. 739 ; overruling *Suwell v. Champion*, 6 A. & E. 407.

(*g*) *Freeman v. Price*, 1 Y. & J. 402. A perverse verdict would seem to be one which is contrary to the direction of the judge, there being no dispute as to the facts : see *per Jervis, C.J.*, in *Hawkins v. Alder*, 18 C. B. 640 : and *per Bramwell, B.*, in *Adams v. Midland Ry. Co.*, 31 L. J. Ex. 35.

(*h*) *Edgson v. Cardwell*, L. R. 8 C. P. 647.

(*i*) *Allum v. Boulthbee*, *ubi sup.*

(*k*) *Taylor v. Helps*, 5 B. & Ad. 1068.

(*l*) *Packham v. Newman*, 1 C. M. & R. 585 : *Fleetwood v. Taylor*, 6 Dowl. 796.

(*m*) *Frederick v. Lookup*, 4 Burr. 2018 : *Cuming v. Sibly*, *ibid.* 2489, and see Ord. 39, R. 7.

CHAPTER XXI.

DAMAGES IN ACTIONS FOR INJUNCTIONS OR SPECIFIC PERFORMANCE.

THE Chancery Amendment Act, 1858 (21 & 22 Vict. c. 27), commonly called Lord Cairns' Act, enacted that in all cases in which the Court of Chancery had jurisdiction to entertain an application for an injunction against a breach of any covenant, contract or agreement, or against the commission or continuance of any wrongful act, or for the specific performance of any covenant, contract, or agreement, it should be lawful for the same Court, if it should think fit, to award damages to the party injured, either in addition to or in substitution for such injunction or specific performance.

21 & 22 Vict.
c. 27, Lord
Cairns' Act.

Though this Act has been repealed by the Statute Law Revision Act, 1883, the powers given by it to the Court of Chancery are comprised and extended in the powers given by the Judicature Acts to the High Court of Justice, to the Chancery Division of which actions for specific performance are assigned (a).

The power of a court of equity to give damages under Lord Cairns' Act was considered not to be confined to cases in which the plaintiff could recover damages at law (b); and the damages awarded differed from those which could be obtained at law, in being given by way of compensation for permanent injury once for all, or for injury continued after the date of the writ, not as at law where successive actions might be brought and damages recovered *toties quoties* (c).

Nature of
damages
under Act.

(a) Judicature Act, 1873, s. 34.

(b) *Eastwood v. Lecer*, 4 De G. J. & S. 114; 33 L. J. Ch. 355.

(c) *Per* Lord Cranworth, C., *Stokes v. City Offices Co., Limited*, 19 L. T. N. S. 81; *Fritz v. Hobson*, 14 Ch. D. 542; *Davenport v. Rylands*, L. R. 1 Eq. 302; 35 L. J. Ch. 204.

This principle was adopted in the rules of 1883, by one of which it is provided that in respect of any continuing cause of action the damages are to be assessed down to the time of the assessment (*d*) ; but there is no express rule that damages may be given in compensation for permanent injury.

Principles governing discretion of Court.

The discretion to award damages instead of granting an injunction, is a discretion to be exercised according to the facts of each particular case. The Court will not necessarily force a plaintiff to sell to the defendant a licence to commit a wrong. For example, where a defendant had built so as to obstruct the plaintiff's ancient lights, and the expense of restoring things to their original condition far exceeded the pecuniary value of the plaintiff's loss, an injunction was nevertheless granted (*e*).

And very recently the Court of Appeal emphasised the statement that, although the words of Lord Cairns' Act are wide enough to apply to all cases, the Legislature never intended to turn the Court of Chancery into a tribunal for legalising wrongful acts, or that the Court ought to allow a wrong to continue, simply because the wrong-doer is able and willing to pay for the injury he may inflict (*f*).

In the same case one of the Lords Justices suggested as a good working rule, that damages may be given in substitution for an injunction if the injury to the plaintiff's legal rights is small ; and is one which is capable of being estimated in money ; and is one which can be adequately compensated by a small money payment ; and the case is one in which it would be oppressive to the defendant to grant an injunction (*g*).

It is still unsettled whether the Court has jurisdiction to award damages by way of compensation for an injury not yet committed, but only threatened and intended. In the absence of special circumstances the plaintiff would in such a case, according to the ordinary principles on which the Court acts, be entitled to an injunction (*h*).

Acquiescence. Acquiescence will be a bar equally to a claim for an injunction

(*d*) Ord. 36, R. 58.

(*e*) *Greenwood v. Hornsey*, 33 Ch. D. 470 ; 55 L. J. Ch. 917.

(*f*) *Shelfer v. City of London Electric Lighting Co.*, [1895] 1 Ch. 287.

(*g*) *Ib.*, per A. L. Smith, L.J., at p. 322.

(*h*) *Martin v. Price*, [1894] 1 Ch. 276.

and for damages (*i*), and where damages would be nominal only the action may be dismissed altogether (*k*).

Damages will not be given where, from lapse of time, specific performance could not, according to the established practice of the Court of Chancery, be given (*l*), nor where the claim for specific performance fails through the plaintiff's own act (*m*).

Lapse of time.

Damages were awarded although not specifically asked for in the bill, the general prayer for relief being considered sufficient (*n*).

Damages under general prayer for relief.

The practice will for the future be regulated by the orders and rules made under the Judicature Acts. It is probable that leave would be given to pay money into Court in any case in which the Court, in lieu of injunction or specific performance, directed an assessment of damages (*o*). But such an action would not necessarily be an action brought to recover damages within the general powers of Order 22, which regulates payment into Court (*p*). Issues of fact arising in actions in the Chancery Division can be ordered to be tried at the Assizes, or at the sittings in London or Middlesex (*q*). Applications for new trials will now be to the Court of Appeal (*r*).

In an action for trespass in a County Court, where the plaintiff claimed 40*s.* and an injunction, and judgment was given for nominal damages and an injunction, it was held that the defendant could appeal against the grant of the injunction without the leave of the judge, although the damages claimed were less than 20*l.* (*s*).

(*i*) *Sayers v. Collyer*, 28 Ch. D. 103 ; 54 L. J. Ch. 1.

(*k*) *Ib.*

(*l*) *Lavery v. Pursell*, 39 Ch. D. 508 ; 57 L. J. Ch. 570.

(*m*) *Hipgrove v. Case*, 28 Ch. D. 356 ; 54 L. J. Ch. 399.

(*n*) *Catton v. Wyld*, 32 Beav. 266. See, further, as to the Act, and for cases in which the Court, in its discretion, awarded or refused damages, Morgan's Chancery Acts and Orders, 261, 4th ed. : Kerr on Injunctions, 221 ; Joyce on Injunctions, 593 ; and Daniell's Chancery Practice, vol. i., p. 946, 5th ed.

(*o*) See the repealed Consolidated Orders XLI. R. 40.

(*p*) See *Nicholls v. Evans*, 22 Ch. D. 611.

(*q*) Ord. 36, R. 44.

(*r*) Supreme Court of Judicature Act, 1890 (53 & 54 Vict. c. 44), s. 1.

(*s*) *Brune v. James*, [1898] 1 Q. B. 417.

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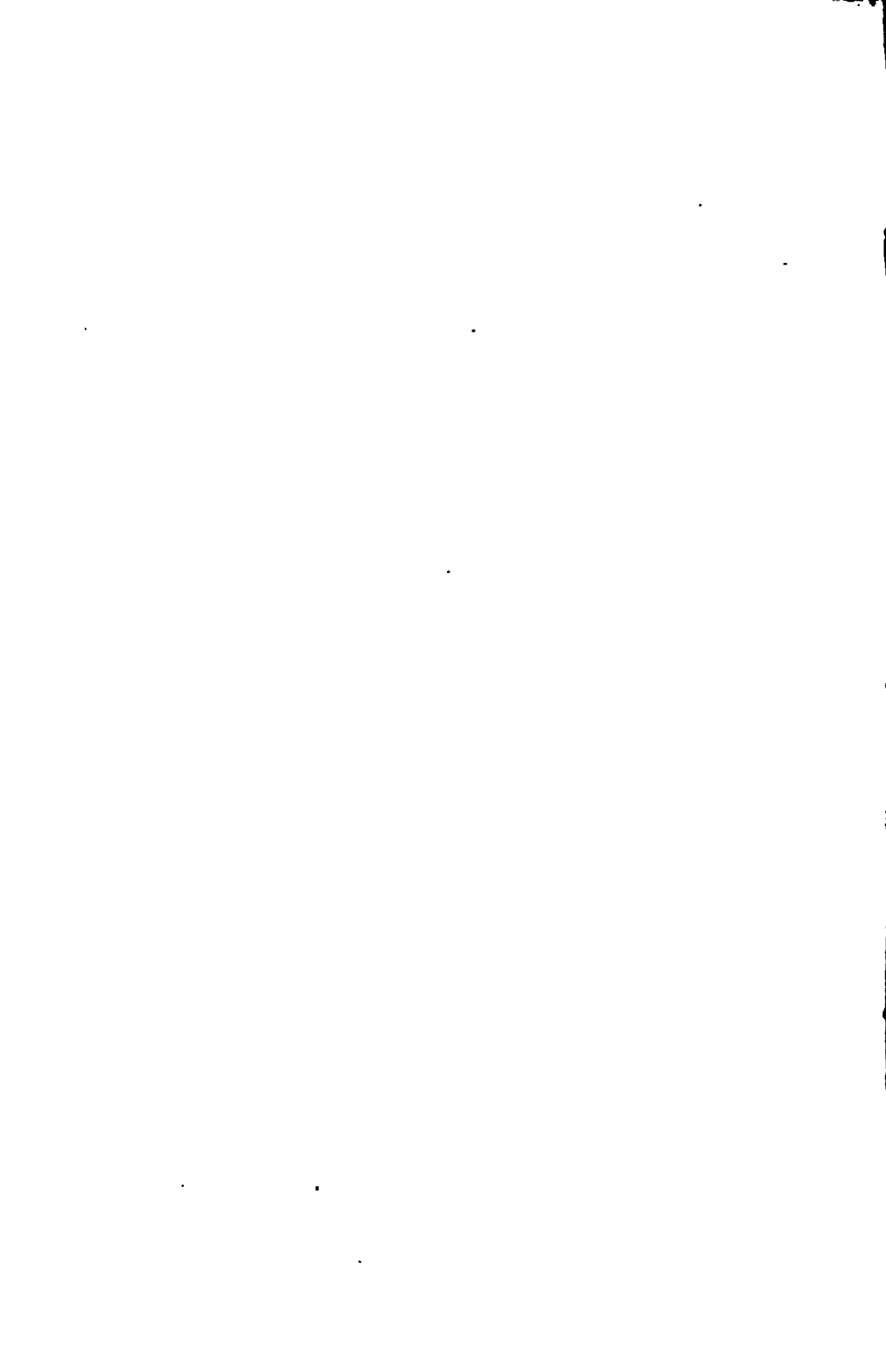
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